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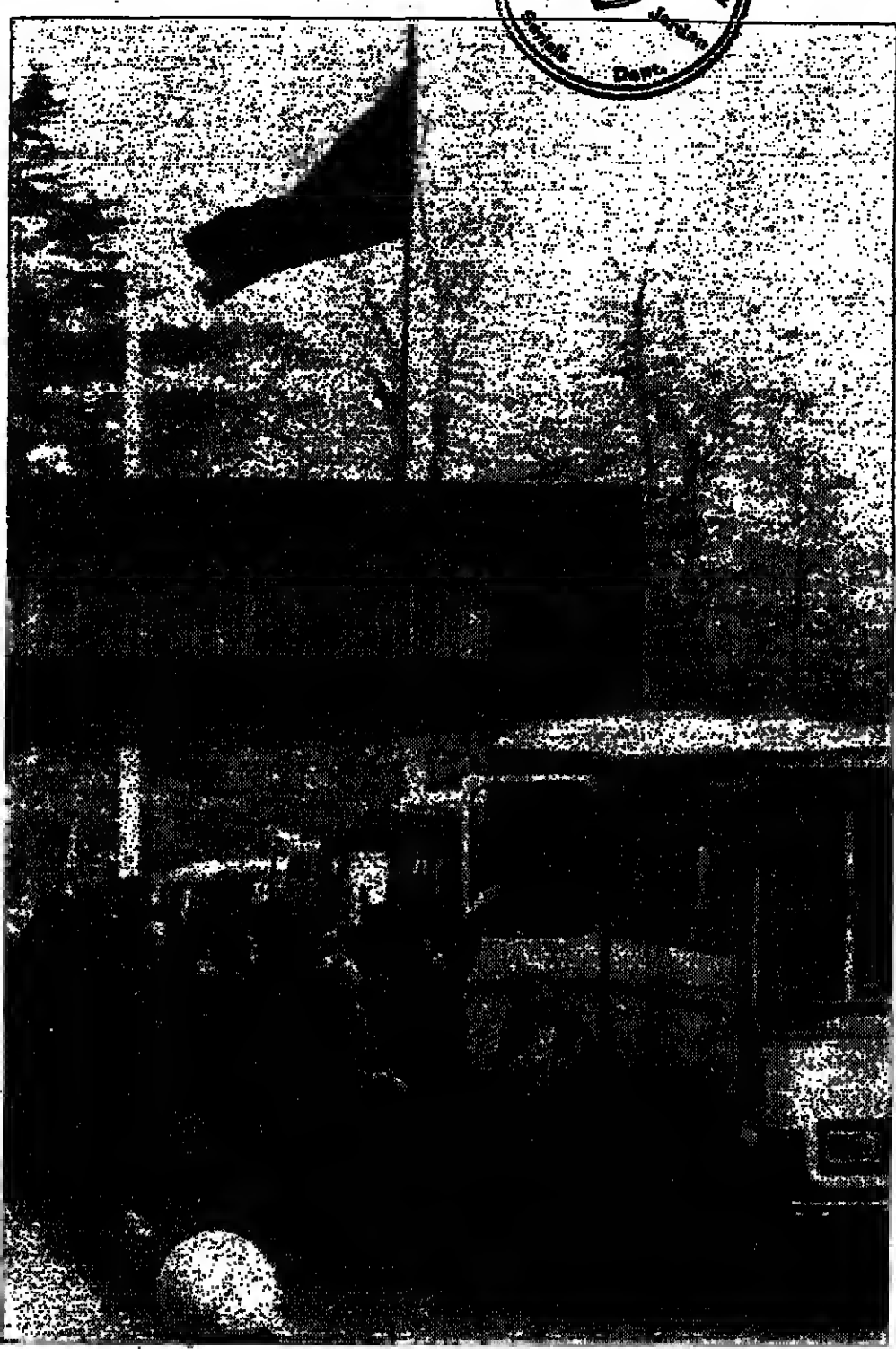
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Expelled Soviet personnel and family members boarding buses Tuesday at the Soviet Embassy in Paris for transport to Charles de Gaulle airport. They were flown to Moscow.

France Expels Russian Diplomats

47 From Soviet Union Are Accused of Organizing Espionage Ring

By John Vinocur
New York Times Service

PARIS — France expelled 47 Soviet diplomats and other officials Tuesday, accusing them of espionage activities centered on the high-technology sectors of French industry and the armed forces.

Describing the members of the group as "agents of the secret services of the Soviet Union," the Interior Ministry said in a statement that the gravity and extent of the Russians' activities justified their immediate expulsion.

The size of the group was unusual, and the action was comparable only to the British government's deportation of 105 Soviet officials in 1971.

Soviet-French relations, which have worsened through sharp condemnations by President Francois Mitterrand of Soviet nuclear weapons policy and the occupation of Afghanistan, were expected to enter a new and even colder phase.

It was not clear what pushed France to act so decisively, but official sources, briefing French re-

porters, insisted that the expulsions related to cumulative activities rather than to a single case.

The officials acknowledged that the arrest last week of a French employee of a nationalized company dealing with energy supplies was involved, and they described the entire group as forming a disciplined, professional network concentrating on procuring French technology.

Other government sources reported that Mr. Mitterrand personally made the decision to send the Russians home after receiving an assessment of Soviet espionage activities.

Another French source with knowledge of the Socialist government's thinking suggested, however, that the government had originally sought to act on its decision as discreetly as possible and was caught by surprise by U.S. newspaper reports that a huge action against Soviet diplomats in Paris was under consideration.

The French source suggested there was government irritation

with unidentified U.S. officials because it was assumed that they leaked information about the expulsions, hoping to force France into public action embarrassing to the Soviet Union.

The Ministry of External Affairs issued a communiqué Tuesday night that had the appearance of an attempt to play down the extent of the possible repercussions of the measures. The government, it said, "does not intend that these steps affect the future development of relations between France and the Soviet Union."

The Soviet Union would bear the responsibility for any negative effects, it concluded.

Regardless of the government's intentions, the expulsions came in some respects at a fortuitous moment for Mr. Mitterrand. The action immediately dominated the attention of French news organizations at a time when it had been solely concerned with the government's new austerity program, its tax increases, restrictions on travel

outside of France and higher prices on basic consumer goods.

No comment was forthcoming from the French Communist Party, which now holds two posts in the 15-member cabinet, and two more at the junior ministerial level.

The Interior Ministry's statement said that investigations by the French counterespionage service had uncovered "agents of the secret services of the Soviet Union engaged in a systematic search on French territory for technological and scientific information, particularly in the military area. The multiplicity and the gravity of the incidents in the service of a foreign power by agents most often covered by diplomatic immunity fully justify the departure of those concerned."

The statement spoke of "some 40" Soviet officials being involved, but Agency France-Press, the French news agency that is partially subsidized by the government, reported it was informed the exact number was 47.

The expelled Russians, who were

taken to Charles de Gaulle airport with their families in vehicles belonging to the Soviet Embassy, included Nikolai Chervikov, the third-ranking diplomat at the embassy, Oleg Shirkov, bureau chief of the official press agency Tass, and Vladimir Kulikovskiy, a Tass reporter.

The departing Russians smiled and bled flowers in the air with enough good humor to be returning cosmonauts or Greco-Roman wrestling champions.

There was no list of the Soviet personnel made public, but informed sources said 40 were diplomats and three held posts at Unesco, the United Nations Educational, Scientific and Cultural Organization, which has headquarters in Paris. The remainder of the 47, in addition to the press agency employees, were members of commercial delegations.

According to a Western diplomat, all were known to intelligence agencies as present or previous agents of the KGB, the Soviet security service. (Continued on Page 2, Col. 6)

Craft Fails After Launch By Shuttle

The Associated Press

CAPE CANAVERAL, Florida — The world's largest and most expensive communications satellite, the Tracking and Data Relay Satellite, tumbled out of control for several hours Tuesday after it was released from the space shuttle Challenger.

The National Aeronautics and Space Administration reported that it had regained command of the satellite but was uncertain about its future effectiveness.

The question was whether ground controllers could maneuver the 2½-ton, \$100-million satellite to its planned stationary orbit 22,300 miles (35,680 kilometers) high.

Trainers estimated that the payload was in a distorted orbit ranging from about 14,000 to 22,000 miles high and that it could not be fully effective on that path.

"We think we can get very close to the planned geosynchronous orbit," said Robert Allen of NASA, referring to the orbit at which the satellite would be effectively stationary because it would be following the rotation of the earth.

"We have 1,300 pounds (591 kilograms) of hydrazine fuel on board, and we feel we can use several hundred pounds to significantly change the orbit. My hope is that we'll get a normal orbit."

Air Force Lieutenant Colonel Ralph Tourino, program manager for the rocket stage that misfired and started the tumble, said that the stage had burned only about 70 of the planned 104 seconds after it ignited to inject the satellite into the intended stationary orbit.

Experts were consulting computers to determine if stabilizing gas jets aboard the satellite could be used to shift the craft into station.

The crew aboard Challenger — Paul J. Weitz, the commander; Karol K. Bobko, the pilot; and Story Musgrave and Donald H. Peterson, both mission specialists — ejected the satellite from their cargo bay late Monday, the first day of their five-day mission. They were asleep when the trouble began.

Deploying the satellite was the major goal of the mission, helping to establish the U.S. shuttle fleet as a dependable carrier of military, scientific and commercial cargo.

The craft is the first of three such satellites intended to serve as mission control centers in the sky. Each is designed to serve as a space switchboard between the earth and as many as 26 satellites, including the planned shuttle fleet of four ships.

A mission heavily dependent on having at least two Tracking and Data Relay Satellite operating is the European Spacecraft, a scientific laboratory scheduled for launch on the ninth shuttle flight in September. The engine problems that delayed Challenger's launch reduced the possibility that two satellites could be aloft and checked out in time to support Spacelab.

The second satellite is scheduled for launch aboard the eighth shuttle in August. But because builders feel that at least two months of checking is needed to qualify the payload after it is in space, NASA and the European Space Agency have been working on a plan to support Spacelab with just one satellite — that which failed on Tuesday.

The performance of Challenger, meanwhile, was nearly perfect. It operated so well in the first hours of its inaugural flight that Mr. Weitz ended Day 1 with this simple summation: "It was a great day for the space program."

Mr. Weitz and his crew members had a relatively light schedule Tuesday, devoted mainly to metals processing and to scientific and medical experiments.



The Tracking and Data Relay Satellite has malfunctioned and was in danger of not gaining its proper orbit. This drawing, released by NASA, shows the satellite above the Earth with the space shuttle Challenger flying beneath it.

Thais Say Hanoi Seeks 'Direct Confrontation'

By William Branigan
Washington Post Service

BANGKOK — Thailand accused Vietnam on Tuesday of seeking "a direct confrontation" with the Thai Army and appealed for international support in defending its territory.

The statement was issued as part of a Thai diplomatic offensive in which the Foreign Ministry summoned ambassadors from more than 20 countries, including Vietnam and the Soviet Union, and called for world condemnation of Hanoi's "indiscriminate attacks" on Cambodian civilians.

The declaration was made amid continued fighting between Thai and Vietnamese forces along the Thai-Cambodian border, and reports that Thai aircraft used napalm-McArdy against Vietnamese intruders.

An army spokesman denied a report that two F-5E jets had dropped napalm on Vietnamese troops said to have dug in on Thai territory. But the report was confirmed by a senior Thai civilian official and an officer at the Supreme Command. The air strikes were believed to mark the first time that napalm has been used in combat in Southeast Asia since the Vietnam War.

There were conflicting reports, however, as to whether Thai forces had succeeded in dislodging two small Vietnamese units, which reportedly took positions up to a mile inside Thai territory opposite the Phnom Cambodian settlement of Phnom Chhn, formerly controlled by Khmer Rouge guerrillas.

According to an official at the Supreme Command, the results of the air strikes were uncertain, but Thai authorities believed that at least one Vietnamese position was knocked out.

The official said that Vietnamese occupation troops attacking Cambodian resistance forces about 120 miles (192 kilometers) to the north succeeded Tuesday in capturing the Cambodian refugee settlement of O Smach, which is controlled by a resistance faction loyal to exiled Prince Norodom Sihanouk. Most of the camp's 30,000 population fled north across the Thai border when it came under assault over the weekend, and the remaining defenders scattered Tuesday, authorities said.

In Tuesday's statement by the Thai Foreign Ministry, the Vietnamese were accused of carrying out "a cruel and barbarous liquidation" of the Cambodian people along the border with Thailand. "By these acts, the security of Thailand and that of the entire region are being seriously threatened," the statement said.

"Vietnam clearly intends to seek a direct confrontation with Thailand by force," it said. "Vietnamese forces have intruded into Thailand and have held Thai territory, which has led to violent engagements between the two sides."

The statement said that Thailand was determined "to expel the intruders speedily and by every means." It appealed for international condemnation of Vietnam and for "support to Thailand in the defense of its sovereignty and territorial integrity."

The statement came shortly after Paul D. Wolfowitz, U.S. assistant secretary of state for East Asia and the Pacific, arrived in Bangkok as part of a previously scheduled tour of several Asian capitals. U.S. officials said that Mr. Wolfowitz would pursue consultations with Thai leaders on possible U.S. assistance in view of the current conflict.

A senior U.S. diplomat said that Thailand had expressed interest in "humanitarian aid" to help care for the estimated 50,000 Cambodian refugees who have crossed into Thailand to escape the Vietnamese offensive. The diplomat said, however, that the United States did not exclude the possibility of also sending military supplies to Thailand, which is allied to the United States in a defense treaty.

Mr. Wolfowitz was scheduled to visit the border area Wednesday, but Thai officials said Tuesday that the trip was canceled on orders of the army commander in chief, General Arthit Kamlang-ek.

General Arthit conferred Tuesday with military commanders about the border situation, which he termed "very serious." He said that, unlike the hit-and-run tactics employed during past Vietnamese incursions into Thai territory, "this time they intend to confront Thai troops."

Reinforcements were reportedly dispatched to the border, where all Thai troops are on full alert.

Reagan Reportedly Ready to Offer \$8-Billion Trim in Arms Spending

By Lou Cannon
and David Hoffman
Washington Post Service

WASHINGTON — President Ronald Reagan, seeking to generate support in Congress for the MX missile and at the same time show flexibility on his military buildup, is expected to tell Senate Budget Committee Republicans that he could trim \$8 billion to \$10 billion from military spending proposals during the next five years, administration sources say.

The sources said Monday that most of the money would come from a less costly plan for deployment of the MX, which Mr. Reagan will propose to Congress.

The administration's new plan, its third, is due to be unveiled Monday by the President's Commission on Strategic Forces. "Some details have been disclosed in recent weeks."

The plan calls for placing 100 missiles in improved Minuteman silos, which are said to be cheaper than the new silos that were envisioned in the closely spaced basing mode known as "dense pack" that was rejected by Congress in December.

Administration officials expressed confidence Monday that the congressional vote against the MX could be turned around, although the White House count at this point still falls slightly below that needed if every House member votes.

The administration expects Monday's report by the presidential commission, which has consulted extensively with Congress, to build new support for the MX.

However, Mr. Reagan appears to face a much more difficult task in convincing Capitol Hill that military budget savings provided by the MX proposal are a sufficient demonstration of the "flexibility" on the issue the president promised in a letter last month to the Senate majority leader, Howard H. Baker Jr. of Tennessee.

Administration sources said that the probable savings in the 1984 military budget would be only \$2 billion in a military spending proposal totaling \$229 billion, or about eight-tenths of 1 percent.

The president is expected to make that proposal Tuesday to Senate Budget Committee Republicans who have sought to hold his military budget increase to 5 percent after inflation. Mr. Reagan proposed a 10-percent increase. The House has approved about 4 percent.

While Mr. Reagan has publicly stuck to his original budget proposal, he has made it known to aides and congressmen that his first priority is the MX and that he is willing to compromise to have some of the land-based, intercontinental ballistic missiles deployed.

"It's a little like Social Security," an administration official said Monday. The MX commission report, he said, "is bipartisan and will reflect the views of all sides."

It is so bipartisan, in the White House view, that Mr. Reagan plans to let the commission have the spotlight to itself Monday when the report is formally presented. Tentative plans call for the president to make a statement on it the following day, April 12.

The administration hope is that Democratic members of the commission or its consultants will carry the brunt of the selling job for the new MX plan.

The administration is prepared to make similar toughly worded arguments, on national security if necessary, to win approval of the MX plan.

"This is important not because it's a bargaining chip in nuclear arms negotiations; it's important to the survival of the country," an official said Monday.

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Arafat, Hussein Unable to Agree Attempt to Merge Peace Plans Reportedly Fails

By Thomas L. Friedman
New York Times Service

AMMAN, Jordan — King Hussein of Jordan and Yasser Arafat, chairman of the Palestine Liberation Organization, ended three days of talks Tuesday with no indication that they have been able to forge a strategy for dealing with a Middle East peace plan offered by President Ronald Reagan or any other peace options.

The long-awaited negotiations between King Hussein and Mr. Arafat, which the Jordanian monarch said would be decisive in determining whether he would enter proposed U.S.-sponsored peace talks with Israel, came to an inconclusive halt Tuesday morning when the PLO chairman left for Kuwait.

Mr. Arafat left Amman without giving a statement about the 10 hours of talks held over three days. A senior Jordanian official said simply that Mr. Arafat had decided to leave Amman for "a few days" to consult with other Arab leaders and his Palestinian colleagues. Mr. Arafat was expected back in Amman for a final round of negotiations with the king.

The Jordanian official said that after Mr. Arafat returns and meets again with King Hussein, the king will deliver a "clear and definite" statement regarding Jordan's

stance on the various peace options. All seems clear at this point is that the two leaders have not come to a firm agreement on a strategy for dealing with Mr. Reagan's initiative and that more negotiations are necessary. The talks between the king and Mr. Arafat took place at the Jordanian king's palace overlooking Amman.

Senior Jordanian officials would not indicate how the talks went until they got a signal from the king, which has not been forthcoming.

King Hussein and Mr. Arafat have been competitors for the loyalty of West Bank Palestinians. They were combatants in the 1970 Jordanian-Palestinian civil war.

According to PLO officials, the king's first choice, as well as Mr. Reagan's, was to secure from Mr. Arafat a PLO endorsement for the Jordanian monarch to form a delegation of Jordanian and non-PLO Palestinians to enter into negotiations with Israel on the basis of United Nations Resolution 242 and the Reagan plan.

The resolution calls for Israeli withdrawal from territories occupied in the 1967 Arab-Israeli war, along with recognition of the right of all states in the region to exist. Mr. Reagan's initiative proposes the establishment of a Palestinian

entity on the West Bank and Gaza Strip federated with Jordan but makes no reference to the PLO or its objective of an independent Palestinian state.

The king's second option is believed to be an effort to forge a negotiating strategy with the PLO in which the two sides would lay down a list of priorities. The top priority would be getting back the Israeli-occupied West Bank and Gaza Strip.

The PLO could then say that it and Jordan still adhered to the Arab summit conference resolutions of September as their ultimate objective; these called for the creation of an independent Palestinian state in the West Bank and Gaza Strip under the PLO. But their first priority is to get the land back any way they can.

Either as part of this second option or as a third option, the king is also apparently trying to convince Mr. Arafat to accept Resolution 242 in any context. Acceptance of the resolution is Washington's precondition for dealing with the PLO.

Another Arab summit conference might be convened to reaffirm the current Arab plan, which implicitly recognizes Israel's right to exist, but include in it a reference to 242.

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Gold Rush in the Amazon Basin Search Is Marked by Violence and Claim-Jumping

By Kenneth Freed
Los Angeles Times Service

CUICU-CUIO, Brazil — The Amazon basin, the "green hell" that is the world's largest rain forest, has become a true El Dorado, literally a gold mine.

Beneath the red soil are tons of gold, and it has transformed the jungle into a tropical version of California's mother lode.

The pack mule has been replaced by the airplane, but the pans, sluices, camp followers and greed are all here in the garimpos, as the digging sites are called. The gold strikes of the Amazon are marked by the same violence, claim-jumping, confidence schemes and other examples of human folly that have accompanied every gold rush.

"It is insanity there," a diplomat familiar with the gold area said in Brasilia. "There is no law. Whoever has the most guns is the strongest."

Except for three officers in Cuicu-Cuio and another large garimpo, there are no police in the region.

"We take care of our troubles ourselves," said a young miner at a site called Mirabeau, an hour's walk into the jungle from Cuicu-Cuio.

Several garimpeiros, as the miners are called, said that nearly everyone carried a gun. One of the

growth businesses in the Amazon is providing armed guards at gold mines.

Some geologists estimate that the Amazon basin, which is about two-thirds the size of Canada, holds thousands of tons of gold.

With the price of gold on the New York market over \$400 an ounce, the payoff can be huge, and made even more so by the Brazilian government's policy of paying 70 percent over the world price to prevent smuggling.

Fortune hunters have been taking gold out of Brazil for centuries, but until fairly recently the process had been slow. In 1968, only 4.4 tons (four metric tons) of gold were extracted. In 1982, the total was 30 tons, half of that from the Madeira-Tapajós region around Itaituba.

As impressive as last year's production was, it did not satisfy the Brazilian authorities, who want more miners, more investment and more mechanization to increase production. Officials at the Ministry of Mines and Energy in Brasilia say the gold is needed to help pay off Brazil's immense foreign debt.

So the government pays more than the world market price and collects only a 1-percent federal production tax. Because it is fairly easy to get a

prospecting permit, the gold lust is heightened here. It is reflected in the experience of three men in Manaus, the Amazon's largest city, which lies about 500 miles (800 kilometers) west of the Atlantic coast.

The men took a one-week vacation last year and headed for the gold fields. They found almost 25 pounds of gold and have not worked since. While such stories are rare, they fuel the dreams of others.

In Itaituba, a town of about 10,000 people, almost every store sells mining equipment and supplies. Most have small scales to measure gold, which is as common a medium of exchange as the cruzeiro, Brazil's currency.

"The area is very violent," said Francisco Ferreira de Brito, a government geologist and coordinator of the region's mining program. "With no controls on drinking and women, the situation can get out of control. The men make up their own laws. Lynchings are common."

"Robbery is an inexcusable crime," said the operator of a general store in Cuicu-Cuio of Itaituba. "Killing may be excused by circumstances, but taking the tools

(Continued on Page 2, Col. 5)



BRIEFS IN THE NEWS — Thousands of federal government employees marched through New Delhi in their underwear on Tuesday demanding "adequate" uniforms. Later they burned the Indian home minister, Prakash Chand Sethi, in effigy.

China Angrily Vows to Retaliate On Granting of Asylum to Woman

By Michael Parks
Los Angeles Times Service

BEIJING — China strongly protested Tuesday the U.S. decision to grant political asylum to Hu Na, 19, a Chinese tennis star.

It warned that already strained Chinese-U.S. relations would be "adversely affected."

The asylum decision, announced by the U.S. Immigration and Naturalization Service on Monday, was "a grave incident long premeditated by the United States," the Chinese Foreign Ministry said in a formal statement.

Qi Huaiyuan, the ministry spokesman, said "stern representations" will be made to the United States. He added that "the Chinese government will react to this matter," but he did not disclose what sort of action it was considering.

Miss Hu was in San Francisco for an international tennis tournament in July when she asked for asylum. Her defection ranks as one of a number of problems between the United States and China, including Beijing's dissatisfaction with U.S. arms sales to Taiwan, quotas on Chinese textile imports and restrictions on the sale of U.S. technology to China.

Miss Hu had claimed she faced political persecution.

"The so-called request of Hu Na to U.S. authorities for political asylum is entirely the result of enticement and coercion of a handful of Americans and elements working in collusion," Mr. Qi said, referring to Chinese Nationalists.

"The U.S. government has no ground whatsoever to grant political asylum to Hu Na."

Mr. Qi reiterated the Chinese pledge to allow her to continue playing in international tournaments, including one in Switzerland in June, if she returned.

"The question of persecuting her simply did not exist in the past, nor will it arise after her return to China," Mr. Qi said.

Chinese officials have made her case a major item for the last three months in discussions with Reagan administration representatives, visiting congressional delegations and other Americans.

"There should be no doubt that we will react strongly," a senior Chinese official said last month, anticipating the decision. "The future of our cultural, sports, scientific and other exchanges is certain to be impaired quite seriously."

This has led to speculation that China might cancel its participation in a number of athletic contests in the United States and curtail some academic exchanges.

But diplomats following U.S.-Chinese relations said they doubted that it would take more drastic action, such as recalling its students from the United States or canceling programs agreed to under the cultural exchange agreement. About 10,000 Chinese stu-

dents are studying in the United States.

Meanwhile, the Chinese Foreign Ministry released the text of a formal protest last month to the Dutch government over the establishment of an air service between the Netherlands and Taiwan.

China, which claims Taiwan is part of its territory, said that it should have been consulted before the agreement was approved.

Beijing has made the same demand of Pan American World Airways and the United States over the airline's proposed resumption of flights to Taiwan in June. A Chinese protest has been filed with the U.S. Civil Aeronautics Board, which has tentatively approved Pan Am plans for four flights a week to Taipei from Tokyo.

Officials say that the State Department has recommended the deportation of Xia Yuren, 50, a Chinese scientist who asked for political asylum after leaping out a second-story window at the Chinese consulate in San Francisco, The Associated Press reported.

His application for asylum reportedly has been denied and he is awaiting an April 15 hearing before an Immigration and Naturalization Service judge on the recommendation for deportation.

Mr. Xia, an atmospheric physicist who had been doing research in the United States, is living in hiding in Northern California. He defected March 2, 1982.

He told U.S. officials he served 18 months in labor re-education camps because of his political views.

Expulsions Raise New Concern About Murder of French Officer

By E.J. Dionne Jr.
New York Times Service

PARIS — The decision Tuesday by France's Socialist government to expel 47 Soviet officials has raised new concern over the unsolved murder of a senior French counterintelligence officer this year.

Intelligence officials and diplomats in Paris said that new information released this week had raised the possibility that Lieutenant Colonel Bernard Nut was killed Feb. 15 by a double agent.

Colonel Nut was reported to have been deeply involved in intelligence work in Italy and, according to some accounts, helped provide information to the Italian authorities on connections between Bulgarian intelligence and the attempted assassination of Pope John Paul II on May 13, 1981.

French officials have privately expressed an inclination to believe reports about Bulgarian links to the assassination attempt. Alexander D. Marchevski, the former French intelligence chief, has said that French officials delivered warnings to the Vatican about threats to the pope's life without saying specifically where the danger would come from.

Colonel Nut has also been credited with providing information to the Italian authorities that led to the arrest of Colonel Victor Pronin of the KGB, the Soviet internal security and espionage agency, who was working undercover at the Rome office of Aeroflot, the Soviet airline. Colonel Pronin was arrested a few days before Colonel Nut's death.

Unidentified French government officials told the news agency Agence France-Presse that the deportation of the 47 Russians on Tuesday was not linked to Colonel Nut's murder. They pointed instead to the arrest last week of Patrick Courrier, 25, an archivist, for industrial espionage on behalf of the Soviet Union.

But other accounts by the French news service raised possible links between Colonel Nut's death and the expulsions, as did diplomats and other reports here Tuesday night.

The colonel's killing has been the source of intense speculation since his body was found last week on a snow off a quiet mountain road about 40 miles (64 kilometers) north of Nice.

Initially, his death was thought to be a suicide. Intelligence sources, apparently trying to stop rumors, spread stories about Colonel Nut having been depressed for some time.

The reports lost credibility when other members of the secret services said he had been in a cheerful mood and because a Smith & Wesson .357 Magnum, from which three shots were fired, was found six feet (about two meters) from his body. It seemed unlikely that he could have shot himself in the head and then tossed the gun away.

Autopsy reports found no evidence of gunpowder on his hands, or any evidence of powder burns on his head.

Among the many mysteries of the case is the fact that researchers have apparently been unable to find any trace of the bullet in Colonel Nut's body, meaning that the police are not certain whether he was shot with the Magnum or some other gun.

This week, new autopsy and ballistics information was released, suggesting to investigators that Colonel Nut was killed by someone he knew. The ballistics tests showed that he had been shot from several yards away, apparently in haste.

Investigators are centering on two theories. One involves a romantic link between Colonel Nut and a Lebanese woman and suggests that the crime may have been a personal matter. The other involves murder by a double agent.

The French intelligence services have refused to provide information on what mission he was undertaking at the time of his death. News accounts and some officials here have raised the possibility that the colonel had discovered the identity of a double agent, or that he had unearthed sensitive information on the attempt on the pope's life.

The link made by French officials between Tuesday's expulsions and Mr. Courrier's arrest last week drew support from allied intelligence reports last week.

Mr. Courrier had photocopied documents at an industrial company and passed them to officials of the Soviet Embassy whom the police identified Friday as KGB agents.

Russian Diplomats Expelled by France

(Continued from Page 1)

cret police and intelligence agency. The diplomat, who said he had heard talk of expulsions last week, said those rumors were accompanied by speculation that a French official might be seized in connection with the action.

But since the arrest announced last week of Patrick Courrier, 25, an industrial librarian accused of passing documents to Soviet Embassy personnel, there have been no indications if other arrests are likely among the sources of the Soviet's information.

The expulsions here coincided with the deportation of Soviet officials in Britain and Spain, but officials in both those countries said the actions did not relate to the French measures.

French sources said that expulsions of French citizens and diplomats working in the Soviet Union were likely. The Russians were apparently informed of the French decision a few days ago and were well-prepared for the expulsion.

Hungarian Tourists Visit China In Latest Moscow-Beijing Thaw

Reuters

BEIJING — Fifteen Hungarian tourists arrived in China on Tuesday, Hungarian sources said. They are the first tourists from a Soviet-bloc country to visit China since Beijing's ideological split with Moscow two decades ago.

The tourists were said to have paid 70,000 forints (\$2,000) each for the 12-day holiday.

In addition to Beijing, the group was to visit Xian, Shanghai, Suzhou and Nanjing before returning to Budapest via Moscow.

Other passengers aboard the Chinese airliner that brought the Hungarians from Moscow included a team of Chinese gymnasts returning from a visit to the Soviet Union. Hungarian sources said that 10 more groups were due to make the same trip this year, some of them flying to North Korea and entering China by train.

The visit is the latest sign of a small thaw in relations between China and the Soviet bloc, beginning with a renewal of sporting ties last summer and a later agreement to increase Soviet-Chinese trade. Student exchanges, too, have resumed after a 20-year break.

Gold Rush Under Way In the Amazon Basin

(Continued from Page 1)

or supplies that a miner lives by is beyond forgiveness. A robber is a dead man."

Slowly, the government is moving to control the crime. The authorities have, in effect, nationalized the Serra Pelada, a major mining site, outlawing liquor, banning women and policing the camps.

In one instance, a group of Americans, Canadians and Brazilians set up a scheme to sell shares in a gold mine near the tiny camp of Sucunduri, where the Trans-Amazon Highway crosses the Sucunduri River.

Using slick brochures, a videotape and a geologist's report suggesting the area is rich in gold, they set up a hard-sell operation in the United States. Brazilian officials and diplomats estimate that U.S. and Canadian investors put more than \$3 million into the scheme.

But the promoters did not own the mining site; even their prospecting rights were questionable. According to the officials and some of the investors, the \$3 million has disappeared with the promoters.

For every mining success, there are thousands of failures. Officials at the Ministry of Mines and Energy say that there are about 200,000 men searching for gold in the Amazon and that only a handful ever find any.

More often than gold, the miners get malaria. Public health officials say 200,000 cases of malaria were reported in Brazil last year, the overwhelming majority of them in the Amazon.

"It is hard, dirty and poor-paying," a mining official said, "but as long as there is gold in the Amazon, people will try to find it."

But the crackdown on violence has created a different kind of crime problem. More and more the shootings, petty thefts and lynchings are being replaced by large-scale elasm jumping and confidence games.

In one instance, a group of Americans, Canadians and Brazilians set up a scheme to sell shares in a gold mine near the tiny camp of Sucunduri, where the Trans-Amazon Highway crosses the Sucunduri River.

Using slick brochures, a videotape and a geologist's report suggesting the area is rich in gold, they set up a hard-sell operation in the United States. Brazilian officials and diplomats estimate that U.S. and Canadian investors put more than \$3 million into the scheme.

But the promoters did not own the mining site; even their prospecting rights were questionable. According to the officials and some of the investors, the \$3 million has disappeared with the promoters.

For every mining success, there are thousands of failures. Officials at the Ministry of Mines and Energy say that there are about 200,000 men searching for gold in the Amazon and that only a handful ever find any.

More often than gold, the miners get malaria. Public health officials say 200,000 cases of malaria were reported in Brazil last year, the overwhelming majority of them in the Amazon.

"It is hard, dirty and poor-paying," a mining official said, "but as long as there is gold in the Amazon, people will try to find it."

WORLD BRIEFS

Sikh Demands Inquiry on Police

NEW DELHI (Reuters) — The leader of the main Sikh political party in India's northern state of Punjab demanded on Tuesday a court inquiry into what he said was indiscriminate police firing on demonstrators Monday.

The Akali Dal leader, Harchand Singh Longowal, told reporters in the Sikh city of Amritsar that the police had killed as many as 38 protesters, the Press Trust of India said. In Parliament, the government said 20 persons died and 230 were injured in the clashes, which took place during a road blockade organized to press Sikh political and religious demands.

The home minister, P.C. Sethi, said the police had resorted to force only when faced with what he called unprovoked violence and arson. He said at least 175 policemen had been injured. But Mr. Longowal demanded the withdrawal of the Central Reserve Police Force, a national paramilitary group, and warned of new troubles if they did not leave.

U.S. Bishops Issue A-Arms Letter

WASHINGTON (Reuters) — A panel of Roman Catholic bishops on Wednesday issued the final draft of a pastoral letter that condemns U.S. nuclear arms policy and calls for disarmament.

The letter is to be voted on by the U.S. Conference of Bishops next month. It says the U.S. nuclear deterrence policy is not adequate to achieve long-term peace and urges that it be linked with vigorous efforts to negotiate major nuclear arms cuts.

The letter also says that it would be immoral for the United States to carry out its threat to retaliate to a Soviet attack with nuclear weapons and criticizes the option to use nuclear weapons first. It also takes strong issue with the Reagan administration's policy of preparing to fight either a limited or protracted nuclear war.

Japan Objects to Soviet Charges

MOSCOW (AP) — Japan has protested to Prime Minister Nikolai A. Tikhonov over Soviet accusations about U.S. nuclear weapons on Okinawa, a Japanese Embassy spokesman said Tuesday.

He said the Japanese objections to a statement Saturday by Foreign Minister Andrei A. Gromyko that "there are huge nuclear weapons facilities in Okinawa" were expressed at a meeting between the Japanese ambassador, Masao Takasima, and Mr. Tikhonov on Monday.

Mr. Takasima told Mr. Tikhonov that "he cannot accept" a Soviet view that is "contrary to the facts," the Japanese spokesman said. The Japanese Foreign Ministry also rejected the allegations about Okinawa in a prepared statement Monday.

French May Seek Decree Power

PARIS (AP) — France's Socialist government may ask Parliament for authority to rule by decree to bring in a number of economic and financial measures in its new austerity plan, Pierre Joxe, president of the Socialist group in the National Assembly, said Tuesday.

The power to make such decrees must be granted through legislation provided for under the constitution by the National Assembly, where the Socialists command an absolute majority.

Mr. Joxe said that the special powers would be used chiefly to try to restore the country's trade position. France's foreign trade deficit of 93 billion francs (about \$13 billion) is one of the main reasons for the austerity program. This is the second time the Socialists have resorted to decrees. They were used in January 1982 to institute a group of labor and social welfare measures.

Talks Planned on Gulf Oil Slick

KUWAIT (Reuters) — An oil slick was reported Tuesday to have spread almost the entire length of the Gulf, and ministers from eight countries in the region were due in Kuwait on Wednesday for emergency talks on how to disperse it.

Thick oil with a high tar content was still flowing from Iranian wells Tuesday and threatening to cause severe damage to marine life and industrial plants. A Kuwaiti official said that ministers from all the Gulf states, including Iran and Iraq, planned to attend the meeting.

Zimbabwe Vows to Arm Farmers

HARARE, Zimbabwe (Reuters) — Prime Minister Robert Mugabe said Tuesday that the government will provide farmers with weapons and help them set up guard systems following the murder of a white Zimbabwean senator, his daughter and a British visitor by rebels on Sunday.

He expressed revulsion at the killings and promised that the killers would be hunted down. Paul Savage, 60, his daughter Colleen, 20, and Sandra Bennett, a friend, were shot by a raiding party to the Savage ranch in the southwestern province of Matabeleland on Sunday.

The killings, near Gwanda, about 80 miles (130 kilometers) south of Bulawayo, appeared to raise questions about the success of military strategy against the rebels. The army had earlier said the area had been pacified and was under control.

South African's Wife Summoned

JOHANNESBURG (AP) — A South African reporter for American, British and Dutch newspapers said Tuesday security police have summoned his wife to face a possible charge of obstructing justice.

Allister Sparks said the police told his wife, Suzanne, to appear in court April 15. Bernard Simon, a reporter for the Economist and Financial Times of London and a part-time correspondent for the AP-Dow Jones, will appear in the same court on that day to face the same charge.

Mr. Simon was accused of removing documents from Mr. Sparks' office on the day that police searched Mr. Sparks' home and office. Mr. Sparks said the security police accused his wife in the same incident. Mr. Sparks, 50, is a free-lance reporter who reports for The Washington Post, the London Observer, The Economist and NRC Handelsblad of Rotterdam. He has said the police were investigating him for a story in which he allegedly quoted a banned person, which is illegal.

Bumpers Won't Run, Sources Say

WASHINGTON (AP) — Senator Dale Bumpers, who built a reputation winning hard races in Arkansas, has decided not to make a longshot bid for the Democratic presidential nomination in 1984, sources say.

After weeks of studying his chances against a half-dozen better-known Democrats, Mr. Bumpers concluded that he was not willing to make the personal sacrifices needed to wage a year-long presidential campaign, according to the political sources, who spoke on condition they not be identified.

Mr. Bumpers was not available for comment and his press secretary did not return phone calls Monday.

Sandinist Says U.S. Blocks Entry

SAN JUAN DEL SUR, Nicaragua (NYT) — Interior Minister Tomas Borge Martinez has said that he has been denied a visa to enter the United States.

Mr. Borge, who had been invited to speak at Harvard and Johns Hopkins universities, said Monday that the notification came about 10 days earlier in a telephone call from the U.S. ambassador, Anthony C. Quinn.

"I was told the denial was for the moment," Mr. Borge said after a meeting with Costa Rican officials. "In other words, they are denying me entry into the United States."

Bonn Charges Guerrilla Suspect

KARLSRUHE, West Germany (Reuters) — A suspected urban guerrilla, Adelheid Schulz, was charged Tuesday with the murder of two leading West German public figures, the public prosecutor's office said.

Miss Schulz, who was arrested at an arms cache near Frankfurt in November, has been charged with the murders of Jürgen Ponto, a banker, and Hans-Martin Schleyer, an industrial leader, in 1977.

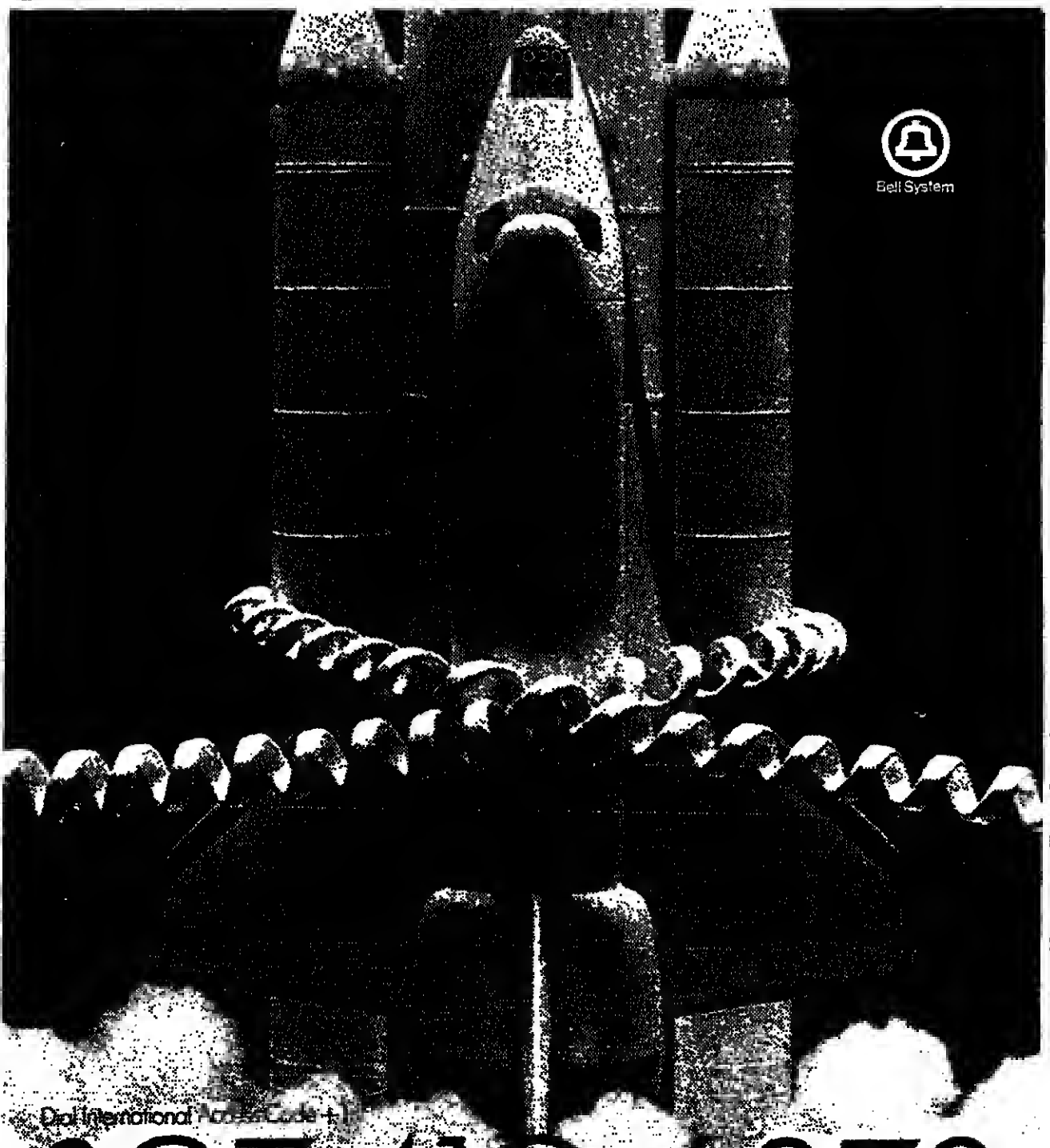
Brigitte Mohnhaupt and Christian Klar, two other suspected members of the leftist guerrilla group, the Red Army Faction, were charged with the same murders last month. The three had been among the most wanted criminal suspects in West Germany. The Interior Ministry believes that about 20 active members of the Red Army Faction are still at liberty.

Japan to Extend Credit to Egypt

TOKYO (Reuters) — Japan has agreed to allocate Egypt \$250 million in credit to buy machinery, ships and planes, a Japanese spokesman said Tuesday.

The Egyptian international investment and cooperation minister, Wagih Shindi, was told of the loan by the Japanese minister of international trade and industry, Sadanori Yamamata, hours before President Hosni Mubarak arrived on a four-day visit.

Mr. Yamamata told Mr. Shindi that Prime Minister Yasuhiro Nakasone would tell the Egyptian president on Wednesday about the credit line, and the Japanese minister was also quoted by the spokesman as saying the prime minister would make a new loan pledge of an unspecified amount when the two leaders met.



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Reagan Bill Urges Stiffer Controls on Exports to Russia

By Clyde H. Farnsworth

WASHINGTON — The Reagan administration has sent to Congress legislation that would stiffen U.S. controls over exports to the Soviet Union. The bill would end major interagency battles but pave the way for what is expected to be sharp contention among legislators.

UN Sees Gain By East Bloc In '82 Trade

GENEVA — For the first time since the early 1960s, Western countries sold less to Eastern Europe last year than they bought, the United Nations said in a report released Wednesday.

However, the West's trade with the Soviet Union itself flourished, with machinery and pipeline equipment being exchanged for oil and gas.

An annual survey by the UN's Economic Commission for Europe said these developments highlighted an adjustment taking place in East-West economic relations, largely because of the East Bloc's efforts to reduce imports.

The report said the Western deficit in trade with Eastern Europe amounted to about \$1 billion and compared with a surplus of about \$2 billion in 1981.

These figures excluded the Soviet Union itself. Western exports to the Soviet Union increased last year by 7 percent, with particularly strong growth in machinery, transportation equipment and commodities needed for pipeline projects, the commission said.

The West's imports from the Soviet Union rose by 13 percent, reflecting an increase in purchases of oil and other fuels.

The small deficit that the West had in trade with the Soviet Union in 1981 widened last year to about \$1 billion, the report said.

Other East European countries were forced to reduce imports because of increasing difficulties in meeting debt service payments, limited export prospects resulting from recession in the West and problems in raising new loans.

The commission estimated that the Soviet Union and the rest of Eastern Europe had an overall current-account payments surplus of \$5 billion, compared with \$6 billion in 1981.

The report also estimated that the Soviet Union's external debt fell by \$3 billion, to \$63 billion, at the end of 1982. This reversed an upward trend that had lasted for a decade.

It said the Soviet Union's 3.3-percent economic growth target for this year seemed realistic, and that similar targets for East European countries other than Poland were attainable. Poland would have to substantially accelerate growth if it were to reach its goals, the report said.

The Economic Commission for Europe calculated economic growth in the entire Soviet bloc last year at 2 percent, about the same as in 1981. It said that living standards continued to rise because of continued emphasis on consumption, but at a lower rate.

Congress to renew the Export Administration Act, which provides the legislative authority for sanctions that are imposed both for national security and foreign policy reasons.

The act, which dates from 1969 and comes up for renewal every few years, is what provided authority for President Jimmy Carter to mandate a partial grain embargo against the Soviet Union after its intervention in Afghanistan in January 1980. The act, set to expire on Sept. 30, was last renewed in 1979.

President Ronald Reagan invoked the same legislation after martial law was imposed in Poland in December 1981. The Reagan controls were aimed at blocking the Siberian pipeline to Western Europe.

Both the Reagan and Carter controls triggered angry reaction from the Atlantic allies and Japan and from affected domestic interests.

The new proposals, which were expected to be amplified Tuesday before the House Foreign Affairs Committee by Lionel R. Oliver, undersecretary of commerce for international trade administration, call for three principal changes:

1. Discretionary authority of the president to ban imports from foreign companies that violate U.S. national security controls.

2. A provision under which existing industrial contracts would be left in place for 270 days after the imposition of any new controls.

3. Deletion of a reference in the existing legislation in the banning of the export of oil from the 50 states because of short supply. This would remove one of the legislative obstacles to selling Alaskan oil to Japan.

The authority to ban imports represents a major departure in policy orientation and responds to domestic industry criticism that the controls only hurt U.S. companies.

In the past, the United States has penalized foreign companies that violate U.S. sanctions by putting them on a so-called "denial list" preventing the companies from purchasing U.S. goods and services.

Last summer the president halted purchases in the United States by Dresser France, a French subsidiary of Dresser Industries of Dallas, as well as by a number of European-based suppliers of pipeline equipment made with U.S. technology.

After strong protests from Europe and agreements to coordinate allied controls more closely, Mr. Reagan lifted the sanctions last November. East-West controls may come up as a contentious issue at the Williamsburg Economic Summit next month.

Administration officials stressed that the import ban would apply only to national security control violations, and not foreign policy violations. Both the pipeline sanctions and the grain embargo were imposed under foreign policy provisions of the act.

National security controls currently ban shipment of highly sophisticated, militarily sensitive products such as big computers that can control missile guidance systems.

The decision to provide capacity of national case after long battles in which the business community argued that it should get the same treatment as farmers. The practice had been that contracts already in existence could not be honored once the president invoked the controls.



Mr. De Lorean and his wife, Cristina, arrive for hearing.

De Lorean Bail Pleas Are Rejected by Judge

LOS ANGELES — A U.S. judge has refused to lower or raise John Z. De Lorean's bail of \$5 million, rejecting both his plea of poverty and the prosecution's claim that the former automaker has \$17 million in a Swiss bank.

Mr. De Lorean, who is accused of drug trafficking, has "apparent access to over \$17 million in Switzerland," government prosecutors said Monday in seeking an increase of the bail to \$10 million.

His attorney, Howard Weizman, called the prosecution's claim "baloney," saying the allegation was "only in response to our motion to reduce bail."

"We asked if he reduced to \$2.5 million to give John some breathing room," he said. "He doesn't have an income. He has bills to pay."

"My client is experiencing tremendous financial difficulties," Mr. Weizman told U.S. District Court Judge Robert Takasugi.

A. Scibor-Rylski, 55, Screenwriter in Poland, Dies

WARSAW — Aleksander Scibor-Rylski, 55, the author of the screenplays of the award-winning Polish films "Man of Marble" and "Man of Iron," died Monday in Warsaw, the Polish press agency said Tuesday.

Mr. Scibor-Rylski was a novelist, dramatist and movie director in his own right. He received a number of state decorations, including awards for his best-known novel "Coal," written in 1930, which dealt with the problems of coal miners.

"Man of Iron," which was directed by Andrzej Wajda, won the top award at the Cannes Film Festival in 1981.

Henry S. Sayers
NEW YORK (NYT) — Henry S. Sayers, 74, the builder of every defender in the American Cup youth series since 1964, died Friday at Memorial Sloan-Kettering Cancer Center. He lived in Larchmont, New York.

Until his sale in January, Mr. Sayers was the owner and president of the Minniford Yacht Yard on City Island in the Bronx. He had joined the family-owned business, founded by his father, after graduation from the Fordham University Law School in 1935.

U.S. Unions, Possible Reagan Foes in '84 Race Bury Past Differences on Military

By David S. Broder

WASHINGTON — Democratic candidates for the 1984 presidential election have reached a near-consensus on military issues, and their new collective position camouflages sharp differences in past records and views.

Statements submitted to The Washington Post last week, almost all of the six announced and undeclared Democratic presidential hopefuls called for a slower military buildup than President Ronald Reagan has proposed.

But they still favored continued increases in the Pentagon budget for the foreseeable future. All opposed deployment of the MX intercontinental ballistic missile, and a majority opposed further work on the B1 bomber.

On the other hand, most favored continued investment in cruise missiles, Trident-2 submarines and the Stealth bomber.

Congress is resuming its debate over the Reagan military program, which calls for a 10-percent real growth in military spending after inflation and includes funds for MX missiles and B1 bombers.

House Democrats last month adopted a budget resolution for fiscal 1984 allowing for a 4-percent real growth in military spending, and Mr. Reagan faces a tough battle in the Senate in trying to increase that amount.

The Post asked Democratic presidential aspirants how they would alter Mr. Reagan's military budget. Replies were received from seven men, including Senator Dale Bumpers of Arkansas, who was expected to announce Tuesday that he would not run.

Senator John Glenn of Ohio said that the subject was "too large and too important to discuss adequately in 250 words."

He referred readers to a recent essay on the military, in which, among other things, he endorsed "a steady but realistic growth in real military expenditures" and not the

Reagan-Weinberger approach of simply letting the military service bureaucracies in the Pentagon have a blank check.

The other five contenders who replied were Reubin O. Askew, a former governor of Florida; Walter F. Mondale, vice president during the Carter administration; and Senators Alan Cranston of California, Gary Hart of Colorado and Ernest F. Hollings of South Carolina.

They all suggested a spending increase at a slower rate than Mr. Reagan has proposed. Mr. Hollings favored 3 percent; Mr. Cranston, 4 or 5 percent; Mr. Askew, 5 percent with the caveat that he would be "willing to spend more if persuaded that such spending would serve a coherent strategy."

But the records of several of the Democrats indicate more differences among them than their current positions suggest. In some cases they have cast votes that contradict current positions.

Going back to 1977, the first year of the Carter administration, votes on overall military spending indicated that Mr. Cranston was the most consistent in trimming expenditures, followed by Mr. Hart.

Mr. Hollings and Mr. Glenn, however, voted more frequently for higher levels of spending.

In 1978, for example, only Mr. Cranston supported attempts by George S. McGovern, then a Democratic senator from South Dakota, to shift \$4.6 billion from the military to the domestic side of the budget and to reduce military appropriations by 1 percent.

In 1979, all except Mr. Cranston supported a move by Mr. Hollings to boost the 1980 military budget target by \$4.4 billion.

In 1980, all the others opposed a budget amendment by Mr. Cranston to cut military spending by \$2.5 billion and increase taxes and domestic spending in 1981 and 1982. Mr. Hollings, alone among the 1984 Democratic presidential

contenders, voted for \$33 billion in additional increases.

Mr. Mondale supported Mr. Carter's decision to deploy the MX in a racetrack basing system in the West, but he now opposes the missile and the basing mode. Mr. Glenn has consistently favored a smaller mobile missile. Mr. Hart has supported research and development funds for the MX but has opposed funds for deployment.

Mr. Hollings supported Mr. Carter's proposal for the MX but opposed Mr. Reagan's "dense pack" basing mode. Mr. Cranston has voted consistently against any production funding for the MX. But like Mr. Hart and Mr. Hollings, he has voted for research and development funds.

There is more of a split among the Democratic contenders on the B1 bomber. Mr. Glenn and Mr. Cranston are for it. Mr. Hollings now opposes it, but on three votes in 1977 and 1978 he, along with Mr. Cranston and Mr. Glenn, voted against attempts to kill production funds.

Soviet, Finland Urge Détente

MOSCOW — The Soviet foreign minister, Andrei A. Gromyko, and his Finnish counterpart, Par Stenback, called Tuesday for the "early completion" of the Madrid Conference on Security and Cooperation in Europe, Tass said.

The agency said Mr. Stenback was in Moscow to mark the 35th anniversary Wednesday of the signing of the Soviet-Finnish Treaty of Friendship, Cooperation and Mutual Assistance, which in effect guarantees Finland's neutrality.

Tass said the ministers "stressed the need to invigorate the efforts of all the states to remove the threat of war and to preserve and promote international détente."

Judge in Chicago Orders an End To Democratic Party's Patronage

By Nathaniel Sheppard Jr.

CHICAGO — A U.S. judge has given the City of Chicago and Cook County a year to eliminate politically motivated hiring, dismissals and harassment of municipal workers.

The order Monday by Judge Nicholas J. Buja, in a case brought 13 years ago, further undercuts the Democratic political organization's base of power. Until 1979, the organization controlled the city and county governments by rewarding and punishing municipal workers on the basis of their political loyalty and efforts on behalf of the party.

Three years ago, Judge Buja ruled that the patronage system for city and county jobs was unconstitutional and he began hearings on a way to correct the practices. Monday's order gives city and county agencies 120 days to file a detailed plan for reform within a year.

The order also affects the hiring of temporary employees, a method often used by city and county officials to circumvent civil service rules to reward those loyal to the party. The judge said that compliance "may make use of reasonable provisions for hiring persons in exceptional emergency situations" but that "any such provisions shall contain rigorous limitations on the number of persons who may be so hired in a year."

The case was brought by Michael L. Shalkman, a lawyer who was an independent candidate in an election for delegates to the 1970 Illinois Constitutional Convention, and by Paul M. Lurie, a voter who supported his candidacy. The two contended that the Democratic organization controlled the

political behavior of patronage employees by coercion. They said this violated the rights of independent candidates to fair and equal participation in the electoral process.

The order affects the city, Cook County, the Chicago Park District, the County Sheriff's Department, the Forest Preserve District of Cook County and the Cook County clerk, Circuit Court clerk, treasurer, board and assessor.

It also requires the agencies to file annual audited reports detailing their efforts to comply with its provisions and to post all job openings at least 14 days in advance.

The issue of political hiring and dismissals has emerged in the current mayoral contest, which is to be decided April 12. Representative Harold Washington, the Democratic nominee, has vowed to eliminate the patronage system.

Bernard E. Epton, his Republican opponent, has stopped short of saying he would end patronage but has said he would use hiring practices fair to all Chicagoans.

Meanwhile, Mr. Washington and Mr. Epton continued the last week of their hotly contested campaign. Mr. Washington, who is black, was repeatedly asked at campaign appearances Monday to comment on the hearing he received from some whites.

He remained undeterred. "The kind of mayor you will get is a sensitive, understanding person who can understand the emotions and sentimentality of those who booed me when I walked in," he said.

Mr. Epton, 61, who asserts that his health is "perfect," continued to field questions about the extent of psychiatric treatment he has received since 1975.

Last week, the candidate said he

had undergone psychiatric evaluations in 1975 and 1978. Monday, pressed by reporters, he acknowledged that he had received additional psychiatric counseling between 1975 and 1979.

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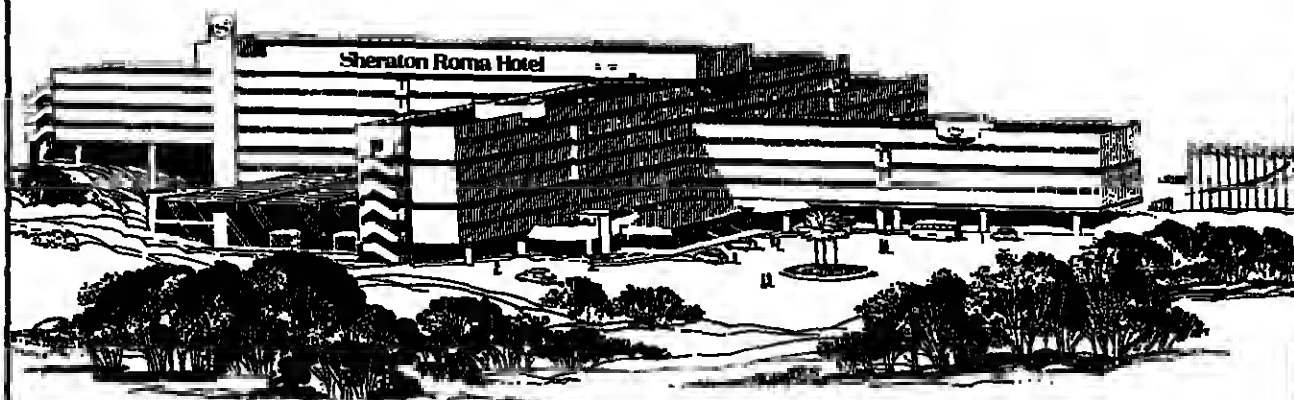
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Fishing Dispute Puts Madrid in Deep Water

By Susan Roberts
Reuters

MADRID — Spain's fishing fleet, the largest in Western Europe and the fourth largest in the world in terms of tonnage, is tiring the new Socialist government into diplomatic deep water.

Decades of uncontrolled fishing off Spanish shores and wrangles over international fishing agreements have presented Prime Minister Felipe Gonzalez with a set of tangled problems.

Fishermen say the catch off Spain has been badly depleted by overexploitation, and several of Spain's main fishing grounds — waters off Morocco, Portugal and European Community countries — are either out of bounds or in dispute.

The Moroccans, who almost daily seize boats from Spain's Canary Islands fleet for alleged infringement of territorial rights, want the 1,300 Spanish boats currently allowed to fish to be sharply reduced. Spanish officials say this would halve fishing income to 15 billion pesetas (\$120 million).

A fishing agreement signed with Morocco in 1981 was due to expire on December 31, 1982, but was extended for six months pending further negotiations. Besides a reduction in the fleet, Morocco wants free transit of its oranges through Spain to EC countries and for Moroccan residents in Spain to be made eligible for all Spanish social security benefits, Spanish officials said.

It would also like any agreement reached to be canceled when Spain joins the European Community, they said. Madrid feels these concessions are too much to offer in return for what it still would consider to be a sharp reduction in fishing rights, but it hopes nevertheless to sign an agreement before June.

The situation with Rabat is further complicated by a dispute with Polisario guerrillas who are fighting Morocco for control of the Western Sahara.

In October 1980, Polisario guerrillas captured 35 Spanish fishermen in waters off the Western Sahara, saying they were violating the territorial integrity of the Western Sahara. The guerrillas freed the fishermen after two months when Spain signed an agreement stating its support for the right of the Saharan people to self-determination, a move that angered Morocco.

On another front, conflict turned to stalemate when negotiations on a fishing agreement with Portugal were frozen on Dec. 30, 1982. Under a 1969 pact, Portugal was given the right to fish in Spanish waters and Spain was allowed to fish off Portugal's coast.

The Portuguese argue that the agreement is biased against them, considering the comparative sizes of the two fleets and the relative richness of Portuguese waters compared with Spain's.

But Spanish officials said only a reduced Spanish fleet fished in Portuguese waters for a species not normally consumed in Portugal. The disagreement stems from a misunderstanding and Spain is ready to restart negotiations at any time, they said.

The northern Basque and Gal-

ician fleets operating in Common Market waters have been badly hit by EC regulations. Spanish officials said the fleets have shrunk by about 15 percent a year over the last six years because of these rules.

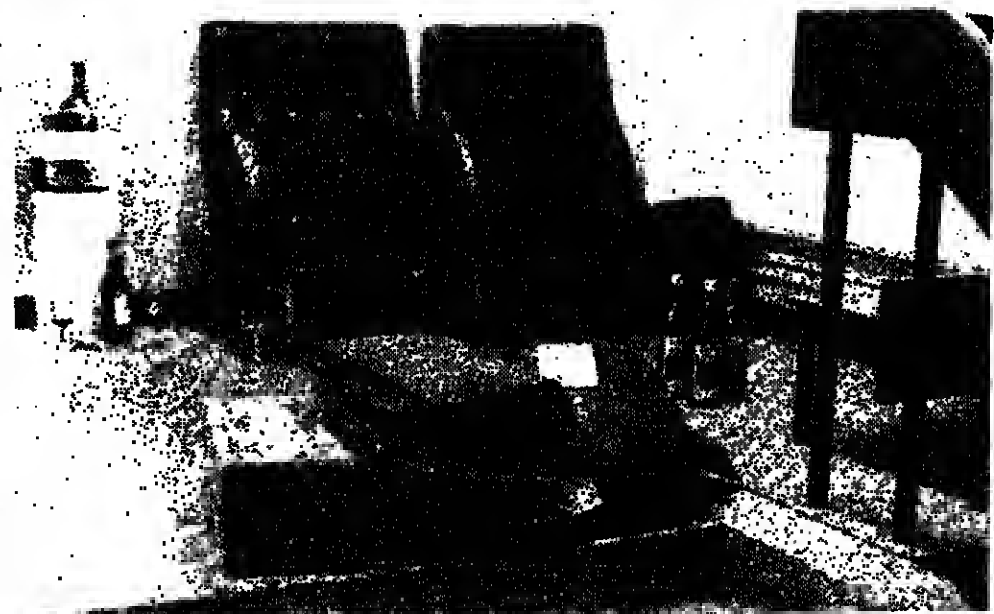
Under an agreement signed earlier this month, EC licenses allowing Spanish boats to fish for hake in EC waters were reduced to 111 from 114 in 1982, compared with 152 in 1977, and the quota has also been reduced.

Its 111 licenses were shared between 416 boats, but many boats

were being scrapped because maintaining them was becoming unprofitable. One official suggested that "by the time Spain enters the Common Market, there won't be a fishing fleet left."

Besides renegotiating the agreements, the government intends to tighten regulations on fishing off Spain though it recognizes that any such move would be unpopular.

The number of people employed in the fishing industry in Spain fell to 100,000 last year from 108,400 in 1981.



Debris left behind during the robbery lies in the Security Express building entrance.

Robbery Sets a Record in London

Reuters

LONDON — Thieves who broke into a London cash depository apparently stole at least \$5 million (\$7.4 million) Monday in Britain's biggest cash robbery, sources said Tuesday.

Six men with shotguns entered the East London headquarters of Security Express, a cash depository with a number of anti-robbery devices, and forced members of the staff to open the vaults.

Huge sums of used bank notes and coins were in the depository and were being held over the Easter weekend. There apparently was a reduced number of employees at the depository at the time, since Easter Monday is a holiday in Britain.

The police refused Tuesday to say how the gang breached the depository's elaborate safeguards against robberies. But they said they assumed the men belonged to one of East London's professional hold-up gangs, who have grown

steadily more successful in the past two decades.

The thieves broke in early Monday morning, overpowered the only guard, and captured four other employees as they arrived for work.

The gang left empty wine bottles and other debris in the building lobby after the robbery.

The police have not given a definitive figure for the theft. But the \$7 million figure, if confirmed, would make it the largest robbery in British history.

Thieves have broken into Lon-

don bank vaults several times and stolen cash, securities and jewels valued at higher figures. But the police said the black market value of the property taken in those crimes probably was less than that estimated for Monday's robbery.

About £2.6 million (\$6 million at the time) was lost in Britain's most famous modern robbery, a hold-up on a Glasgow-to-London mail train in 1963.

Security Express is a division of the De La Rue group, Britain's biggest currency printing company. De La Rue produces banknotes for a number of foreign governments.

The security firm's headquarters, a short distance from London's financial district, is in a warehouse area that was virtually deserted at the time of the robbery.

Armed robberies in London have risen sharply during the past two decades, from about one a week in 1962 to five a day last year. Robberies caused losses of about \$12 million last year.

Ustinov in East Berlin

Reuters

MOSCOW — The Soviet defense minister, Dmitri F. Ustinov, left for East Berlin on Tuesday on the second of an apparent series of visits to the Warsaw Pact countries, Tass announced. Mr. Ustinov spent a day in Hungary last month.

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José Alvarez Rendués, Governor of the Bank of Spain, Miguel Angel Fernandez Ordoñez, Secretary of State for Economy and Planning

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MAY 31, 1983

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Carlos Solchaga, Minister of Industry Enrique Moya, President of the National Industry Institute (INI)

FISCAL AND FOREIGN INVESTMENT POLICY

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Anti-Sandinist Leader Criticizes U.S. Aid to Guerrillas as Harmful

By Raymond Bonner

New York Times Service

WASHINGTON — A leader of one of Nicaragua's anti-Sandinist groups has criticized the Reagan administration's support for guerrillas who are trying to topple the Sandinist government, saying it would lead to sharper political divisions and less likelihood that a democratic government will eventually come to power.

"If the Reagan administration wants to democratize Nicaragua and pacify the region, this is not the way to do it," said the spokesman, Dr. Alvaro Jerez, a member of the Democratic Revolutionary Alliance, an anti-Sandinist group based in Costa Rica.

The administration's support for a military solution in Nicaragua would fail, Dr. Jerez said in an interview Monday, because the Sandinist army would defeat the guerrillas.

"We are presenting ourselves as a third way out," said Dr. Jerez, 40, a neurosurgeon who was trained at George Washington University medical school in Washington.

But, he added, the group's leaders were not particularly successful this year when they traveled through Europe in search of support from governments and Socialist parties.

The alliance is headed by Edén Pastora, a hero of the Nicaraguan revolution who was known as Commander Zero; Alfonso Robelo, a businessman who was a member of the first junta after Nicaragua's former leader, General Anastasio Somoza, fled the country; and Brooklyn Rivera, a popular leader of the Miskito Indians.

Dr. Jerez, a top aide to Mr. Robelo and Mr. Pastora, was a member of the Council of State, the legislative body established by the Sandinists, before he fled into exile last year.

"Nicaragua is being polarized," he said. "Cuba and Russia are behind one side, the United States is behind the other."

Cuba and the Soviet Union support the Sandinist government and the United States is backing the Nicaraguan Democratic Force, the armed members of which are fighting in northern Nicaragua to topple the Sandinists.

According to informed sources in the United States and Honduras, as well as reporters who have traveled with the guerrillas, the insurgents have been trained and armed by the United States and the Reagan administration is still supporting them, primarily by providing intelligence information.

Many, if not most, of the guerrillas are former members of Somoza's National Guard, including a senior leader, Enrique Bermudez, a fact that prompted Dr. Jerez to say that the organization represented a "return to the past."

The Democratic Revolutionary Alliance has virtually no military power, according to Dr. Jerez and others familiar with the organization, and a military victory is not a part of its strategy. But it would appear to be in the best position to gain backing within Nicaragua and internationally — something the Nicaraguan Democratic Force would find difficult to obtain because of its links to the Somoza regime.

Dr. Jerez, who said that he and the other members of his organization are "disident revolutionaries," not counterrevolutionaries, said that the group wanted the Sandinists to commit themselves to elections for a constituent assembly this year and to the lifting of all press censorship.

The Sandinists, he said, had rejected all efforts at negotiations. Nonetheless, his group has praised much of what the Sandinists have done since coming to power. In a document signed by Mr. Pastora, Mr. Robelo and Mr. Rivera, the alliance said:

"The literacy campaign, the confiscation of Somoza's property, the nationalization of the financial system, foreign commerce and natural resources, the improvements in the distribution of income, some aspects of agrarian reform, are accomplishments which should be defended and fully implemented."

The document said that the alliance would not accept any support from the Reagan administration or the U.S. Central Intelligence Agency "since these forces are in open contradiction to our revolutionary ideals."

"No solution from the outside is going to be a solution," Dr. Jerez said.

U.S. May Cut Imports Of Nicaraguan Sugar

By Patrick E. Tyler

Washington Post Service

WASHINGTON — The Reagan administration, in what could be one of the strongest economic sanctions against Nicaragua, has been drawing up plans to dramatically reduce the amount of sugar that U.S. companies purchase from Nicaragua, according to sources.

Such a cutback would represent a further deterioration of U.S.-Nicaraguan relations. Rebels opposing Nicaragua's Sandinist government have been armed and trained by the United States, according to diplomatic and news reports, and are operating out of base camps in Honduras.

The United States has asserted that Nicaragua has been supplying arms and other assistance to leftist guerrillas fighting the U.S.-backed government in El Salvador.

A spokesman for the Nicaraguan Embassy said Monday that the prospective sugar-quota reduction would be an "economic attack" designed to "kill the Nicaraguan revolution."

Nicaragua, the spokesman said, had received no official notification of the reported cutback. But, he added, figures reported in news accounts would, if implemented, cost the Nicaraguan economy \$15 million a year.

Under a formula, Nicaragua's quota was set last year at 2.1 percent of the total sugar imports and Honduras's at 1 percent. Advocates for reducing Nicaragua's quota assert that Honduras is a strong ally of the United States and deserves greater support under the quota system than Nicaragua.

The decision to draw up cutback plans was initiated by the National Security Council with concurrence by the State Department, sources said. A State Department, Alan Romberg, would not comment Monday on the report.

According to a trade official, plans to cut the quota of Nicaraguan sugar purchases began two months ago and a formal announcement of a presidential decision is expected at any time.

The cutback probably would have strong support from congressional conservatives led by Senator Jesse Helms, the North Carolina Republican who is chairman of the Senate Agriculture Committee. Mr. Helms's staff has been preparing legislation to require the cutback if the administration does not act.

The limits were set in an effort to shore up sugar prices for American producers by setting an overall import ceiling and apportioning quotas among exporting countries.



ARGENTINE HERO — General Cristino Nicolalde, the Argentine Army commander and a member of the ruling junta, presented a heroism medal Monday to the widow of Lieutenant Luis Carlos Martella, killed in the Falklands. Their four children accompanied her to the ceremony in Buenos Aires marking the first anniversary of the invasion.

In Turkey, the Trial of a Publisher May Offer Clues to Press's Future

By Marvin Howe

New York Times Service

ANKARA — The trial of a 75-year-old publisher arrested for reprinting an editorial written 22 years ago is seen by many Turkish journalists as a warning that strict controls will be enforced by the military regime even as the country moves toward parliamentary elections in October.

The trial is also widely viewed as a test of the democratic intentions of the Turkish generals, whose new constitution, approved in a referendum in November, guarantees freedom of the press.

Nadir Nadi, 75, the highly respected publisher of the liberal Istanbul daily Cumhuriyet, is being tried by an Istanbul martial-law court for reprinting an article in defense of two independent cultural institutes. He faces two years in prison if convicted.

Mr. Nadi's trial was postponed Monday until May 9 after his lawyers presented arguments before Istanbul's First Military Court that focused on the basic right of criticism.

Legal sources and others following the trial had expected an acquittal Monday in view of the charge sheet, which has been altered three times. An independent observer who has followed the case closely said any outcome other than an acquittal would be a serious blow to press freedom in Turkey.

Some Turkish journalists viewed the postponement of the verdict, which had been expected Monday, as a sign that the court was giving serious consideration to the case presented by the defense.

Other observers, however, saw the postponement as a kind of threat hanging over Cumhuriyet and the press in general during this critical period when the military regime is laying the foundation for democracy with new legislation on political parties, elections, labor and the press.

Mr. Nadi is being tried for an editorial he wrote 22 years ago that protested a move by the military regime at the time to abolish the Turkish Language and Historical Institutes, two cultural organizations set up by the will of the founder of the Turkish republic, Mustafa Kemal Ataturk.

He reprinted the editorial Jan. 23 after the military leadership proposed a bill aimed at weakening the institutes. The bill aroused strong criticism and is being reviewed.

In the editorial, Mr. Nadi said that in "the transitory administration, which made a revolution in order to defend the revolution of Ataturk, some people dared to change the will of Ataturk."

Orhan Apaydin, one of Mr. Nadi's defense lawyers and president of the Istanbul Bar Association, pointed out in court Monday that the editorial had been published in three editions of a book without charges being brought.

His other defense counsel, Ugur Alacakaptan, contested the legality of the accusation. "Under any normal democracy, the press has the right to criticize a law and all the more so when it's only a draft law as the present case," he told the court.

The military prosecutor had originally charged Mr. Nadi with "openly inciting the people to commit a crime," and had asked for a five-year prison sentence. But the military judge returned the indictment to the prosecution, asking for clarification as to what crime had been committed.

The prosecution changed the charge last week and accused Mr. Nadi of inciting people to violate the existing laws of the country. That charge carries a maximum sentence of two years' imprisonment.

The trial seemed to reflect a deep distrust of the press among the military rulers, who apparently hold it partly responsible — along with politicians — for the chaos that led to their intervention on Sept. 12, 1980.

The authorities are holding private discussions on changes in the press law, apparently in an effort to retain control after martial law is lifted.

There have been reports that a new press law would include even more restrictions than under the constitution.

Rebels Said to Step Up Attacks Around Kabul

By William Claiborne

Washington Post Service

NEW DELHI — With the onset of a major spring offensive by Soviet and Afghan troops against rebel groups in the countryside, guerrillas have escalated their attacks in and around Kabul, Western diplomats said Tuesday.

In accounts that were supported by refugees who recently left Afghanistan, the sources said that the rebels last weekend besieged a military garrison that had been opened only last month in a southern section of Kabul.

The insurgents killed or captured all of its Afghan Army occupants and seized a large cache of ammunition, the sources said. The rebels reportedly received help from a mutinous Afghan soldier in the garrison.

The guerrillas were also reported to control an entire section of southern Kabul, following nighttime attacks in the Qala-e-Wake neighborhood and sustained rebel firing on army positions in the Char Gala-e-Chardelhi district.

The diplomatic sources also said that the fatal shooting Sunday of an unarmed Afghan civilian by a Soviet soldier in central Kabul triggered the largest anti-government demonstration since a series of protests in February.

They said the Afghan, a student, was shot during an altercation with the soldier in a gasoline station, after which a large crowd shouting "Death to the Soviets" stoned Soviet vehicles. Afghan Army troops arrived, disarmed the Soviet soldiers and took them away from the crowd.

The diplomatic sources said rebels also surrounded the home of an Afghan Communist Party official, kidnapped him and escaped after a prolonged exchange of gunfire with security forces. Also on Friday, two suspected Afghan informers were assassinated in the capital, the sources said.

Citing "reliable" Afghan sources, the Western diplomats said that the commander of the 8th Division of the Afghan Army, Major General Mohammed Nabi Azimi, was critically wounded on March 16 when rebels fired a rocket at his jeep during an inspection tour near Paghman, 15 miles (24 kilometers) northwest of Kabul. General Azimi is a member of President Babrak Karmal's Revolutionary Council.

Reports from two Western diplomatic missions in Kabul said the main highway from the capital to the Salang Pass, which leads to the Soviet border, has been closed to most traffic as a result of guerrilla activity and an avalanche. The sources said they did not know whether the snowslide had been caused by the rebels.

Leftists in Peru Blamed in Deaths Of 45 Peasants

United Press International

LIMA — About 200 leftist guerrillas stoned and shot to death 45 peasant men, women and children who they believed had cooperated with army anti-terrorist squads, the police have reported.

The government said the attack took place Sunday in the town of Lucanamarca, 100 miles (160 kilometers) south of the city of Ayacucho in southern Peru. The police said Monday that it was the most ambitious, offensive, in recent months by members of the Maoist group, Sendero Luminoso, or Shining Path.

The police also said the guerrillas stole a large number of cattle during two hours of looting Sunday in Lucanamarca, a town of 3,000 inhabitants. Army, navy and civil guard patrols left the government's emergency-zone headquarters Monday in Ayacucho to pursue the rebels, the police said.

A state of emergency was declared in December in five provincial areas of Ayacucho. At that time, the government sent 600 troops to the area to reinforce 1,500 police officers battling the guerrillas.

About 100 government troops and guerrillas have died in combat since Sendero Luminoso declared war on the government in 1980.

Bolivia Reports Mercenary From France Is Jailed

The Associated Press

LA PAZ — The Bolivian government says a French mercenary, Jacques Leclerc, has been arrested and accused of membership in a rightist paramilitary group that aided Bolivia's former military regime and dealt in cocaine.

Interior Minister Mario Roca said Monday that Mr. Leclerc was being held "for his involvement with a group of mercenaries and paramilitary personnel hired by the government of General Luis Garcia Meza."

"We are also investigating his links to the drug trade and Klaus Barbie," Mr. Roca said, "and we have strong suspicions that he was involved in a murder."

Barbie, the convicted Nazi war criminal who took refuge in Bolivia in the 1970s, was turned over to France in February for trial after the inauguration of President Hernán Siles Zúñiga's civilian government.

The arrest appears to be part of a campaign by the government to bring to justice more than 1,000 paramilitary personnel who, during Mr. Garcia Meza's 13-month presidency in 1980-81, bombed homes, tortured political prisoners and killed opponents of the regime.

Mr. Roca said Mr. Leclerc was a member of a paramilitary group headed by Joachim Fiebelkorn, a neo-Nazi arrested in Brazil in 1981 with other members of the group.



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A National Disgrace

The United Steelworkers union feels duped. First it fought shoulder-to-shoulder with U.S. Steel Corp. to block imports of finished steel from subsidized foreign producers. Next it yielded wage concessions for a promise that the savings would be reinvested in the enterprise. And now it awakes to find its members' jobs threatened by the company's negotiation to buy semirusted steel from a subsidized European producer. But the nation's concern should go beyond labor's sense of betrayal in the industry's manipulation of national import policies. It is time to look behind the slogans in the reality of protectionism.

Last year the American steel industry, led by U.S. Steel, accused Europeans of "unfair" competition in the American market. Foreign firms were accused of violating the law by selling below cost or using their governments' subsidies to gain an advantage over American producers. When the U.S. Commerce Department upheld the charge, the Europeans accepted "voluntary" export restraints. As a matter of law, the judgment was reasonable. But as national policy it was a disgrace.

European companies were indeed "dumping" — the legal name for selling at prices below true production costs. But, by that defi-

nition, so were American companies, nearly all of which operated at a loss last year. To escape the wrath of American trade law, it seems, foreigners would have had to raise prices in hard times instead of lowering them.

The subsidy charge has its own ironies. European producers — notably British Steel, which is now deal-making with U.S. Steel — do benefit from government support. But so, too, do American producers, who finance pollution control equipment with tax-exempt bonds, exchange tax "losses" for cash and sell high-priced steel to government contractors bound by "buy American" clauses.

The European subsidies are typically conditional on company efforts to maintain employment or write off obsolete facilities. The subsidies are the carrot the Common Market offers to reduce total steel-making capacity so that the industry might again compete successfully with Asian producers. No such objective directs Uncle Sam's benefits.

The steelworkers may have been double-crossed. But the main victims of the industry's maneuvering have been Congress and the public. "Fair" trade is a slogan too easily used to drown out thought and purpose.

— THE NEW YORK TIMES

Nicaraguan Exposure

By inviting American reporters to see how they are doing, the guerrillas fighting the regime in Nicaragua have done something very important: They have shredded the threadbare veil in which the Reagan administration had cloaked its policy.

The revelations come at a moment when Congress is becoming increasingly agitated about the role of the United States, its concern is not simply that Washington is sponsoring an armed intervention, one fraught with heavy regional political and military implications, against the leftist regime in Managua. Legislators have different views on the policy. They appear united, however, in their broader concern that the administration is conducting it in evident violation of the law.

Congress, through its intelligence committees, had approved plans for CIA action to intercept the flow of weapons from Nicaragua to El Salvador. The hitch arose when the administration moved on to operations directed against the Sandinist regime. Troubled intelligence committee conferees last August at-

tached to the intelligence authorization bill a secret document, a statement limiting the purpose of the operation to interdiction. Congress found it necessary to reaffirm the limitation in December in the Boland amendment, which the House passed 411-0. But reports from Nicaragua make it crystal clear that, notwithstanding that law, the guerrillas are fighting to bring the Sandinists down.

The result is the sharpest pinch President Reagan has experienced since he undertook to fight communism in Central America. The guerrillas are demanding that he stay firm in support; they do not doubt calculate that the current exposure of their U.S.-assisted effort will make that effort harder to terminate. Congress may be gathering itself to enforce a law, or at the very least to stage a debate, whose thrust will be to trim back that support. A painful collision looms. If Mr. Reagan does not put his policy back within the confines of the law, Congress will have no responsible alternative but to do it for him.

— THE WASHINGTON POST

Summit Commercial

To limit the costs of the Williamsburg summit meeting next month, the Reagan administration is calling on major companies to provide goods and services free. It must have seemed a splendid idea when it bloomed in the brain of a White House adviser.

"Say, Mike, this summit will cost a bundle — seven free world leaders, with 1,500 in their entourage. Our guy in Ottawa says that when the Canadians hosted the bash the tab was \$3 million, and that was two years ago. Why don't we franchise it out, like the Olympics?"

"Picture it! Francois Mitterrand getting into his official K-car with a Big Mac in one hand and a glass of California chablis in the

other. We give our boys a tax break, and exposure as a bonus. The summit is sure to draw at least 6,000 press with nothing to write about for three days, and stuck in the booties.

"So we put in promo booths, and give our suppliers a chance to make their pitch where it counts, at the top. When the Chief gives his speech, we might even stick in a line saying, 'This summit was made possible by underwriting grants from the following American corporations...' I can guarantee you, they won't forget Williamsburg.

"And if we ever get the big one with Yuri, we'll have a marketing team right in place."

— THE NEW YORK TIMES

Other Opinion

The Status of Soviet Jews

Considering the Soviet Union's mistreatment of its Jewish minority, it is difficult to view an "anti-Zionist" committee just formed in Moscow by prominent Jews as anything but the pious creature of the government. We doubt that the well-known Jewish figures involved would have created the organization except under official pressure.

The group's initial statement, which, significantly, was published by the official Tass news agency, was an echo of standard Soviet propaganda. "We know," the statement said, "that the Western mass media, including Zionist propaganda, daily slander our Soviet homeland, its history and realities (and) present its peaceable foreign policy in a distorted light."

One of the sad realities of Russian history is a virulent anti-Semitism that predates the revolution, continues up to the present and must be known to the members of the new committee. It is reflected in many ways in Soviet society. One is the increasingly restrictive Soviet policy on Jewish emigration. The government has cut Jewish emigration from a peak of 51,000 in 1979 to 2,700 last year, and to fewer than 250 so far this year. It is dangerous for Jews even to seek to leave. Many Jewish professionals who have applied not only have

been denied permission but also have been banned from their professions.

The repression is pervasive, and assumes many forms. Jewish activists have been sent to prison or sentenced to internal exile for "anti-Soviet agitation," which is nothing more than criticism of the government. Soviet police have banned informal groups studying Jewish religion, history and culture, and police have raided unauthorized kindergartens teaching the Hebrew alphabet. The anti-Zionist committee is designed to counter Western criticism of the Soviet Union's policies toward its Jewish citizens, but the most effective criticism originates within the country itself, and consists of one simple fact: Since 1970, when mass emigration began, 258,072 Jews have left.

— The Los Angeles Times

There are no problems for Jews in the Soviet Union today. Since the October Revolution 63 years ago, the Soviet Union is the only country in the world that has not recorded a single attack on a synagogue or a Jewish cemetery. Before the revolution no Jew had the right to live in Moscow. Today, of the approximately 24 million Jews living in the Soviet Union, more than 250,000 live in Moscow.

— Aaron Vergelis, a Soviet Jew and a Communist, quoted by El Pais (Madrid).

FROM OUR APRIL 6 PAGES, 75 AND 50 YEARS AGO

1908: Germany's Language Bill

BERLIN — The German Reichstag has passed the bill forbidding the use of any language but German at public meetings held in any districts excepting those where the non-German element forms 60 percent of the population. The bill was bitterly attacked by Prince Radziwill, the leader of the Polish party. "The bill," he declared, "is solely directed against the Catholic religion. You wish to suppress a popular movement of elemental force by means of a contemptible police measure and oppress a civilized nation." Called to order by the President of the Reichstag, Prince Radziwill replied, "You promised us the free use of our mother tongue, and now a government supported by a so-called Liberal party deprives us of that right."

1933: Jail for Famous Stowaway

NEW YORK — Harry F. Gerguson, alias Prince Michael Romanoff, who has provided more international newspaper copy than any stowaway since Jonah drifted away in the whale, has pleaded guilty of piracy and been sentenced to 90 days in jail. Charged with illegal entry into the United States, "Mike," who formerly tried to reconcile his simultaneous claims to American citizenship and to the former reigning house of Imperial Russia, decided that if he could not be both he would merely be an American and let the pricing racket go. Repentant, but still retaining a trace of that smooth manner which has got him into and out of innumerable drawing rooms and jails, "Mike" said, "All I ask is that I be left in peace when I am released."

It's a Smaller World For Multinationals

By Jonathan Power

UNITED NATIONS — In the early 1970s it was a cause célèbre: Had ITT conspired with the CIA to topple the elected Marxist regime of Salvador Allende in Chile? The verdict appears to be that it did, but was unsuccessful; when Dr. Allende was overthrown, indigenous forces were responsible. Nevertheless, the affair triggered much control-the-multinationals activity, and the United Nations was asked to draw up a code of conduct.

That was 13 years ago. At UN headquarters in New York, delegates have been trying to complete the code in time for what is supposed to be a final meeting in May.

The multinationals control about a third of all world production. Their power causes resentment, sometimes for good reasons but often enough for the wrong ones. By and large they do not actually work to overthrow left-leaning regimes. What they need is security, an assured marketplace and long-term profits. It is no small irony that while ITT was trying to bring down Dr. Allende in Chile, it was actively negotiating with Moscow to enter the large Soviet market.

A more valid criticism is that the multinationals are so beholden to the search for profits that they take shortcuts across the boundaries of law and decency.

In the last few years there have been some well-documented abuses — illicit payments by aircraft companies to buyers in the Middle East and Japan; resistance of the baby food companies to recognize that their milk powder was raising infant mortality rates by inducing mothers to give up breast feeding; the underhand way the big oil companies, in particular BP and Shell, conspired to keep the illegal Ian Smith regime going in Rhodesia by ignoring British sanctions; the fight between the bauxite companies and Michael Manley, which helped break the



"The fruit is from Costa Rica, where your company sells pesticides."

Jamaican economy and bring down the government. (In Jamaica's case, it is true that Mr. Manley overplayed his hand and pushed for too much. But the bauxite companies were insensitive to the political pressures within Jamaica.)

The multinationals have so many tentacles that it is often difficult for individual governments to come to grips with them — say, to insist that they pay taxes and not resort to "transfer pricing," switching their profits to countries where they can claim a write-off or a lower rate.

For all their sins, the multinationals have contributed greatly to our well-being. They produce a vast range of competitively made products. They were a major force in the early days — although less so now that they are establishing — for breaking down tariff walls.

Multinational banks, even if they are today overextended, have played a central role with their recycling operations in keeping the world economy going through the difficult 1970s.

Only a handful of years ago, perhaps a majority of Third World countries were hostile to the multinationals. Now it is realized that they can play an important role. They produce new skills and disciplines that developing countries badly need. And a relationship of confidence is the best way to prevent the multinationals from taking out more in profits than they put in.

It can be a difficult relationship to get right, however.

If the rate of reinvestment of foreign profits is lower than the gross rate of return on capital invested, the reinvestment of profits is a drain on foreign exchange. If, on the other hand, the rate of reinvestment is more than the rate of return, a growing proportion of the stock of capital is going to be owned by foreigners. This dilemma has often pushed host countries to expropri-

Assessing a German Era's Far-Reaching Legacy

By David Schoenbaum

WASHINGTON — It is 50 years and a few weeks since Adolf Hitler was appointed chancellor. The world's economic order, the attitudes of its superpowers, peace in Europe, strife in the Middle East and our very vision of morality are among the Hitler era's legacies.

On the face of it the Hitler regime began as an unbroken march from triumph to triumph: political stability, unilateral rearmament, restored national purpose, spectacular diplomatic successes. The political achievement was subsumed within an economic one that apparently satisfied not only business, industry and agriculture, but even labor.

Less than two years after Hitler took power, Germany's unemployment rate had been cut by more than half, the fastest recovery in the industrial world. By 1938, when an estimated 8 to 11 million Americans were still jobless, Germans had an overheated economy and a seller's market for skilled labor.

Thus, while terror obviously was a deterrent to domestic resistance to Hitler, Nazi successes were at least as tangible a constraint. Martyrdom seemed hard to justify where no one was likely to notice or understand opposition to Hitler, and foreign governments avoided confrontation until it was finally thrust upon them.

On the other hand, success required continual reaffirmation. Thus, even the extraordinary impact of 1939-1941 wilted into cynicism and disaffection as it became apparent that Hitler was not the war hero.

The churches, only rarely before, never quite capitulated either. Traditional political habits — conservative, socialist, Catholic — surfaced incrementally as the war continued. By early 1942, as many as 100,000 people were interested in domestic concentration camps.

Thus it was that Allied forces — entering Germany in 1945 with prewar newsreels in their memories of German masses thundering "Heil Hitler!" — were both perplexed and cynical at finding that there seemed to be no Nazis. And Germans were often puzzled that liberating armies insisted on acting like occupiers.

At appalling cost and in ways neither he nor Hindenburg ever envisaged, Hitler actually solved the German problem, or even several different German problems, that had baffled Europe for at least a century.

The unreconstructed agrarian fiefdoms of the Prussian gentry, the industrial baronies of the Ruhr, the distrust mystique of army and general staff, the sweet romanticism of "Deutschland über alles" — all that was buried in the ruins. The Europe Hitler proposed to save from Western capitalism and Soviet communism is divided between them. German hegemony, at last, is neither a possibility nor an issue.

Largely because of Hitler, the supercharged nationalism that once smoldered and flared in Europe's heart now survives only at such outer edges as Ireland or Cyprus. Hitler thought World War II would be the blissful years of Konrad Adenauer, but doubtless he never imagined it would work like this.

Without reference to Hitler, the behavior of the superpower legates is virtually inexplicable.

The 20 million and more Soviet war dead continue to haunt the Kremlin's aged oligarchs in a way that America's 290,000 combined casualties against Germany and Japan have never begun to affect Americans. For policy-makers in Moscow, the Soviet presence in East Germany and the Soviet empire in Eastern Europe are a form of reparations. Poles, Czechs and Hungarians

different owe their origins to Hitler. The atomic bomb was built out of fear that the Germans would do it first. The intercontinental missile that carries it originated because the Germans chose instead to give priority to the rocket.

But the most pervasive, if intangible, part of Hitler's legacy is moral. The great ideas of the European Enlightenment, the truths that the founding generation of Americans held to be self-evident — not only life, liberty and the pursuit of happiness, but reason, goodness and human perfectibility — only barely survived World War I and its terrible aftermath. Verdun and the Somme, the slaughter of the Armenians and the civil war in Russia. It has been very hard to believe in human perfectibility since Hitler.

All of us who have come to consciousness in the last 50 years live in the shadow of certain discoveries about human nature that few of us would ever have wished to share. "For us, the post-Nazi era will never be over," then Chancellor Helmut Schmidt told the Bundestag in 1979 on the 40th anniversary of Germany's invasion of Poland that started World War II. He was addressing his fellow citizens, the majority of them born long after Hitler's death. The proposition is true for all of us.

The writer teaches history at the University of Iowa. He contributed this column to The Washington Post.

For the Future, Count In the SPD

By Andrei S. Markovits

MIDDLETOWN, Connecticut — While the Reagan administration's euphoric reaction to the recent victory of the Christian Democrats in West Germany is understandable, it suggests a danger to U.S. interests in Europe.

America's alliance with the Federal Republic has rested for a quarter century on a firm consensus of the middle that included both Christian and Social Democrats. This bipartisan agreement concerning the broad contours of foreign policy, especially vis-à-vis the United States and NATO, has run into minor difficulties lately. To prevent irreversible damage, Washington must not discount the Social Democrats in its policy calculations.

It would be a shortsighted error to view the center-right victory of March 6 as a mandate to further alienate the center-left. The Social Democrats may seem to be in disarray and weakened by defeat, but they are likely to return in power in the not so distant future.

U.S. actions in the next few years will inevitably influence what kind of party the SPD will be: the Atlanticist, pro-American party that we have known since the late 1950s, or the neutralist, anti-NATO party of the early 1950s. This is what Washington should consider when it is tempted to nostalgically extol Helmut Kohl's victory as a return to the blissful years of Konrad Adenauer. Precisely because the 1980s are not the 1950s, America needs the Social Democrats on its side.

The Reagan administration's hawkish posture in defense policy and its one-sided approach to economic problems have left few West Germans, and not just supporters of the Social Democrats, puzzled and somewhat perturbed. That, however, in no way means that the fundamental pro-American feelings among most Germans, including Social Democrats, have disappeared during the last two years.

Washington must accept the changed conditions in West Germa-

ny. It was with U.S. help that the country became an economic giant. Later, Americans were pleased that under the stewardship of the Social Democrats, West Germany grew into one of the leading and most respected actors in the family of nations. For the partnership to continue on an equal and healthy basis, America will need the continued support of a broad segment of the West German political spectrum.

The SPD is at a crossroads. Many of its old leaders are about to retire from active political life, or will do so in the next few years. The next steps in U.S. defense and economic policies will inevitably help shape the debates within the party. If Washington refrains from jingoism in its dialogue with the Social Democrats, a sincere and effective effort to reach

LETTERS TO THE EDITOR

France in Context

Regarding "Austerity Program Causing Unemployment in France" (HT, March 29) by Axel Krause:

Mr. Krause's excellent articles have been explaining the French economic situation well, except that he does not seem to place France in the broader international perspective.

In 1982 France had a gross national product under the presidency of Francois Mitterrand that grew by 1 percent, an inflation rate that decreased and unemployment that did not increase. Of course, as Mr. Krause points out, it had a disastrous trade balance, which has led to devaluation and other measures.

But the Thatcher government in Britain has a pound worth only \$1.45, a new low, as compared with \$2.06 in May 1979 when Margaret Thatcher took office, and in 1982 unemployment in Britain was still increasing and GNP was falling.

I do not speak of the American and the Soviet economies, which overall did not compare favorably with that of France except in the balance of trade. There is little economic comfort to be found anywhere.

ESTHER W. POWELSON,
Les Loges-en-Josas, France.

A Tax Mushroom

Regarding "Tax Myths" (Letters, March 8) from Murray Eden:

Union leaders, to feather their nests (with wealth), have long promoted taxing the corporation and not the union member (the consumer-taxation on the corporation).

A 1-cent tax on a corporation's product is added to the cost in inventory. Then markups are applied that carry over to the retail price that the union member (the consumer) pays: markups for advertising, freight,

The Parties Risk Much In Chicago

By David S. Broder

CHICAGO — This city's mayoral election next Tuesday is the exception to the rule about the national insignificance of local contests. The battle between Rep. Harold Washington, a Democrat, and former state Rep. Bernard E. Epton, a Republican, is one that can shape the climate for the 1984 presidential contest as profoundly as any event in this year.

Even if the voting is calm and the verdict is accepted peacefully, there are important consequences for the Republicans and immense ramifications for the Democrats. Consider some of the points made by officials and strategists in both parties.

Whether or not Mr. Epton becomes Chicago's first Republican mayor in 52 years, his campaign has brought the Republican Party into close alliance with thousands of white, working-class, ethnic Catholic voters. That will be a prize target group for the Republican candidate in the 1984 presidential campaign.

If Mr. Epton wins, the Republicans capture control of one of the real power centers of the Democratic Party, disrupting Democratic hopes for carrying Illinois in 1984. With Mr. Epton, City Hall and another Republican, Gov. James R. Thompson, in Springfield, Ronald Reagan (or any Republican nominee) would have a leg up in a state that historically has been essential for Republican presidential victories.

However, Mr. Epton, a liberal Republican, is no Reaganite. With the attention he would command as the Republican mayor with the biggest city, many who know him expect that he would be a thorn in the administration's side on urban programs and budget priorities.

Win or lose, the Epton campaign is certain to solidify black opposition to Mr. Reagan and other Republicans, and to create new doubts in the minds of independents who reject any party or candidate viewed as using "racist" tactics.

Mr. Epton's attacks on Mr. Washington's criminal convictions for tax evasion and temporary disbarment for appropriating clients' funds are legitimate; but his campaign slogan, urging voters to support him "before it's too late," has been condemned by the Chicago papers and many others as a racist appeal.

He denies it, but the charge stings him and the nationally televised Republican consultant firm of Baker Deardourff, which created it. Mr. Washington and other Democrats have charged that the Reagan-White House orchestrated the theme. To the extent that the racist charge sticks, it is likely to hurt all Republicans.

Mr. Epton has promised that as mayor he would bring blacks into major roles in running Chicago. But so far the Epton campaign has brought to the surface the single charge Reaganites most fear: that their party and its policies are more than biased toward the wealthy. They are biased against blacks.

But the Republicans' worries are minor compared to those of the Democrats. If Mr. Washington loses in this historic Democratic stronghold, no Democrat I know doubts there will be a massive black backlash against the party.

No matter that every Democratic presidential hopeful has campaigned with Mr. Washington and that the Democratic National Committee has put in unprecedented resources. The failure of many key leaders of the city Democratic organization — and of their white constituents — to accept a black mayoral nominee will trigger great resentment.

Most of those I have talked to think a black candidacy in the 1984 presidential primaries would become inevitable if Mr. Washington loses. That would damage the careers of Walter F. Mondale and other liberal white candidates, and pose serious problems for ultimate party unity.

"Two years of patching and building from the 1980 defeat can go down the tubes here Tuesday," said one worried national official.

Even if Mr. Washington wins, the Democrats may pay a price. Thousands of white ethnics will be left with the bitter feeling that Mr. Mondale and others pushed into office a candidate whose personal racism would have made them squeamish were Mr. Washington not black.

Already some national Democrats talk privately of the "risk" of appearing to be a party too beholden to minorities and special-interest groups. Many of them feel they have gone way out on a limb in vouching for Mr. Washington. If he wins next Tuesday, they will keep fingers crossed to see what happens next.

If he loses, a great many Democrats will be saying their prayers.

The Washington Post.

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ARTS / LEISURE

The Pompidou's New Boss

By E.J. Dionne Jr.
New York Times Service

PARIS — The idea of hiring a manager for the Pompidou Center, the high-technology art palace that wears its jumble of brightly colored pipes and heating ducts on the outside, is like asking someone to organize anarchy — albeit anarchy of a creative and popular kind.

For Jean Mahen, who was selected last month by Jack Lang, the French culture minister, to be the new president of the Beaubourg as the center is commonly known, is in many ways the complete manager. He is, first of all, a graduate of the Ecole Nationale d'Administration, the elite training ground for government managers that produces mandarins for rightist and leftist governments alike.

He is also a veteran of running things artistically, and not merely, for the left. He was in charge of youth affairs in the government of Georges Pompidou, and was on the film control commission. But he made his mark when he served for five years in the Culture Ministry under former President Valéry Giscard d'Estaing as the man in charge of music, opera and dance. Among other things, he helped create the Beaubourg's music center, a place for the avant-garde in sound.

As president of the Pompidou Center, he is in charge of a sprawling facility that is an analogy for the array of artistic endeavor inside. The six-year-old Pompidou Center is more than a popular modern art museum that draws 26,000 visitors a day. It also includes the Center of Industrial Creation, a public library and Pierre Boulez's IRCAM, the institute of research and coordination of acoustics and music. The center's annual budget is about \$7 million.

Lang has made himself a controversial figure in his nearly two years as culture minister, but in Mahen he seems to have someone as once noncontroversial and non-political. The general view in Paris is that Mahen is a competent, if not exciting, choice.

Claude Pompidou, the widow of the conservative president, was consulted on the appointment and said she liked Mahen enough to think that he should have more time than the Beaubourg president's three-year term.

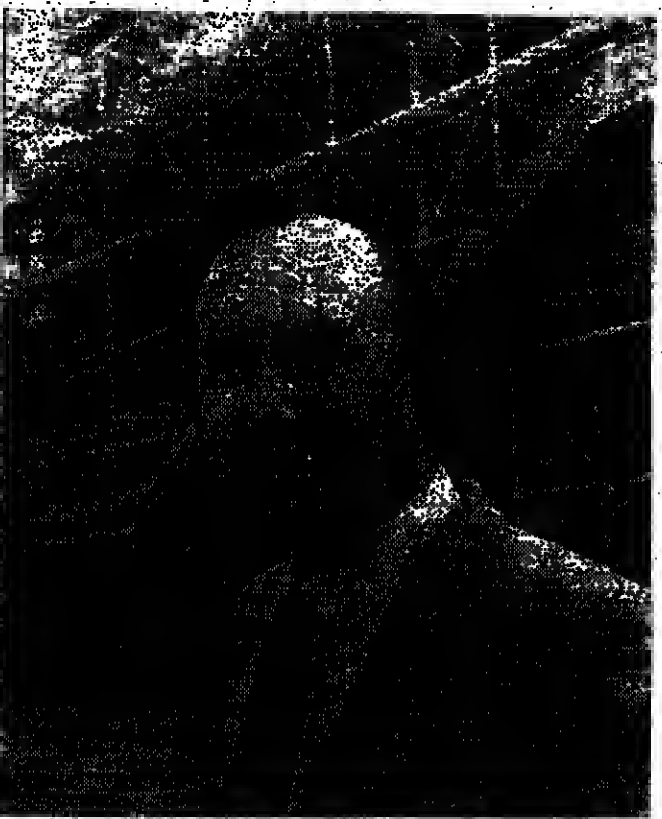
"It's in the end too short," she said, "when we have finally found the imaginative manager genuinely open to contemporary art."

She said she saw the choice as a sign of continuity, a suggestion that the Socialist government does not intend radical alterations in what the Beaubourg does or how it does it. "They are strongly supportive of it. But I think they don't want it to change much."

Michel Guy, Giscard d'Estaing's culture minister, said Mahen's old boss, characterized Mahen as "somebody extremely serious who works a lot, has an enormous interest in the arts and has spent his lifetime as an administrator."

Getting Mahen in place was an important step for the Socialist government, which has not seemed quite certain what to do about the Beaubourg.

The previous president, Jean-



Jean Mahen is considered competent, but not controversial.

Claude Grouhens, was selected under Giscard d'Estaing and was willing to leave his post when President François Mitterrand came to power. But the Socialists asked Grouhens to stay, and he served out his term, though relations between him and the government were reportedly quite distant.

"It was a bizarre situation and worrying for everybody," said Mrs. Pompidou.

The problem appeared mainly to be the result of the fact that neither Grouhens nor the Socialists had expected to have to work together. Grouhens stayed on because Lang had trouble finding a replacement. Just a few weeks earlier, a French art critic asked Lang who would get the job. "It's still open. Do you want it?" Lang replied. "Do you want it?" Lang replied. "Do you want it?" Lang replied.

"It was very difficult," Mrs. Pompidou said. "You had to find someone who was a good manager, but also someone with imagination who was open to contemporary art." She smiled. "Those don't always go together."

Sorting out what Mahen's appointment will mean for the center's future has been difficult, and in a journalistic and art world that loves speculation, the speculation since the appointment has been remarkably thin.

That is in part because Mahen does not want to speak publicly yet. "He is still meeting the staff and reading the dossiers," his spokesman replied when asked why Mahen was not granting interviews. "He's not ready to make declarations."

Mrs. Pompidou's view that the Socialists do not intend radical changes is bolstered by the fact they have not taken an activist role in the center since they took office. "They have so many other cultural

projects going on, so many new things they were starting," she said. "Those took priority." And they may continue to do so.

By contrast with the silent Mahen, the volatile Lang has some ideas of his own about the center's future, and he has Mahen's appointment by declaring that the Beaubourg was "finding a second wind and a new identity."

In the minister's eyes, that new identity involves several things. There is first Lang's overwhelming concern — his critics call it an obsession — with the Third World. He would like to see the center pay more attention to the cultures, "often ignored, of the countries of the south."

Exactly what this would mean for the Beaubourg, Lang has not spelled out. One French art critic said that, since the center puts on so many exhibitions, "it will be easy to throw in a few more that relate somehow to the Third World and say you've done something without causing much change."

Lang also called for a "thorough re-examination of the center's methods and functioning" and a quest to involve more outsiders in the center. Perhaps more significantly, he said when he appointed Mahen that he intended to change the statutes of the Beaubourg to give the center's advisory board more power, and to get artists more actively involved in the management.

What Lang seems to have in mind is a kind of artists' version of worker control. His words mean, among other things, that Mahen is expected to be more a manager than a creative type. Still, the president is the president and one official said Mahen could still end up with considerable influence over artistic questions — if he chose to exercise it.

'Romantic Comedy' Outshines Broadway Version

By Sheridan Morley
International Herald Tribune

LONDON — Bernard Slade is an agile cobbler of nostalgic Broadway comedies who remains largely unknown this side of the Atlantic, essentially because his first and greatest New York hit, "Same Time Next Year," did less than wonderfully when it ended up in the West End as a lopsided vehicle for Michael Crawford.

Since then Slade has written "Tribute," a mawkish piece as yet unproduced in Britain about a dy-

ing showbiz publicist, uneasy

screened on the American stage and played by Jack Lemmon, and "Romantic Comedy," which was given a catastrophically miscast Broadway premiere with Anthony Perkins and Mia Farrow about three years ago. "Romantic Comedy" has resurfaced at the Apollo in London by way of Watford in a captivating production by Michael Altonborough.

The play is helped by the fact that it now has Tom Conti and Pauline Collins above its title. Whereas Perkins and Farrow in the same roles (that of a hitmaker's playright and his ambitious wife) were about as funny as a flag at half-mast, Conti and Collins have found themselves a dual-control stage vehicle with which they can run and run.

"Romantic Comedy" is, as the title would suggest, an unashamedly commercial piece. This is not just some leftover boulevard romance from the 1950s; it's an attempt to look back at the whole Coward-Rattigan genre, and see why the theater can no longer afford to run them. In this sense, it's no more dated than a new Rolls-

Royce — it's a romantic comedy about the decline of romantic comedy on stage as in life.

Twice in the last two years (the earlier occasion was the Colin Blakely "All My Sons" at Wyndham's) I have seen an American play better done in London than I believe it could ever have been done on its own home territory. In this case, that has a lot to do with Conti, who, ever since "They're Playing Our Song," has developed a nice line in suppressed-neurotic American artists. But whereas in that musical he was working without much dramatic support, Germa Craven being better at the singing than the acting, here he has a true rival in the redoubtable Collins, who (though less credibly American) is equally nifty with the one-liners.

The curious thing about "Romantic Comedy" is how it skirts almost all other Broadway formats before arriving at its own. One level of the plot (unknown writer overlooking the success of her more famous partner) is essentially "Deathtrap," while another (ill-sorted pair attempt to set up adjoining typewriters) is essentially "The Odd Couple."

But Slade is not into thrillers, nor does he have much interest in the cold Neil Simon gagfest. He's an Anglophile writer, the kind of man who might spend a happy weekend over port with the British playwright William Douglas-Horne. His "Romantic Comedy" is about people who wish that cars still came with running boards, and his central figures are latter-day variants on George S. Kaufman and Edna Ferber, rather than more recent theatrical figures.

It's a play that makes one wonder how "well-made" changed from being a test of adequacy to a term of abuse in less than one generation, and it's a play that will give a lot of pleasure to a lot of

people who wonder why they don't write like this anymore.

At the Royal Court, Howard Barker's "Victory" is set at the time of the restoration of Charles II, but don't let that fool you: the play, subtitled "Choices in Reaction," is about the way various people survive a tough rightist regime after a period of comparative socialism. This is no more of a flight into the past than was Brecht's "Caucasian Chalk Circle" — it's an attempt to put the present into a different context, and as such it seems to work very well.

Though it sprawls across 11 often overlong scenes, "Victory" is held together by the performance of Julie Covington as a Roundhead Mother Courage, whom we follow across Restoration England as she attempts to get the hung, drawn and quartered remains of her Cromwellian husband returned to her by the victorious homecoming Cavaliers. Less that sound unduly necrophiliac, this is also a play about the corruption of power and money and sex, about the change that came over England with the restoration of a monarchy over run by the city of London, and above

all about capitalism in the unthinking ascendancy.

But despite Barker's strength as a dramatist, there is something hollow about "Victory": its language is so consistently filthy as to be self-defeating, and its big moments (when Milton appears in the second half, for instance) go for nothing because there is no actual development of the ideas for which the characters stand.

We do not need Barker to tell us that all bodies rot, some before death and some after; nor is the corrupting power of money and sex exactly news.

Louisville: Prologue to Broadway

By Robert Basler
Reuters

LOUISVILLE, Kentucky — Several hundred theater-lovers from around the world came to the United States recently to see what was new in American drama — and they did not stop at Broadway.

Instead, they crowded into a 146-year-old former bank building in downtown Louisville, the unlikely starting point for a number of New York's hit plays over the past few seasons. So many have had their first professional production at the Actors Theater in Louisville that it defies coincidence.

"Agnes of God" has been stunning Broadway audiences for more than a year. "Crimes of the Heart" won the 1981 Pulitzer Prize for drama. Another Pulitzer winner that began at the Actors Theater was "The Gin Game," a 1978 Broadway hit. "Getting Out," a successful off-Broadway play that has been performed in several countries, was first seen in Louisville.

Most recently, "Extremities," a physically and emotionally violent play now selling out nightly off Broadway, was first produced at the Actors Theater. Soon after it opened in Louisville, its writer, William Mastrosimone was negotiating a stage and film package deal.

Mastrosimone calls Jon Jory, the producer-director of Actors Theater, "the Medici of our time."

This year Jory's spring festival for new plays attracted an audience of critics, producers and academics from 34 countries. The purpose of this effort, he said, is to nurture American playwrights. "We don't

produce specifically for the New York marketplace," Jory said. "We produce new writers who we think are talented and whose work we think should be seen."

The Actors Theater has been around Louisville for almost 30 years, starting out in an old railway building. Today it occupies a rambling complex of Greek-revival and Victorian buildings admired almost as much for their architecture as for the theater's productions.

The complex includes two theaters, one seating 600 and a more intimate stage accommodating 180. The nonprofit organization earns most of its income from ticket sales and the rest from grants and donations.

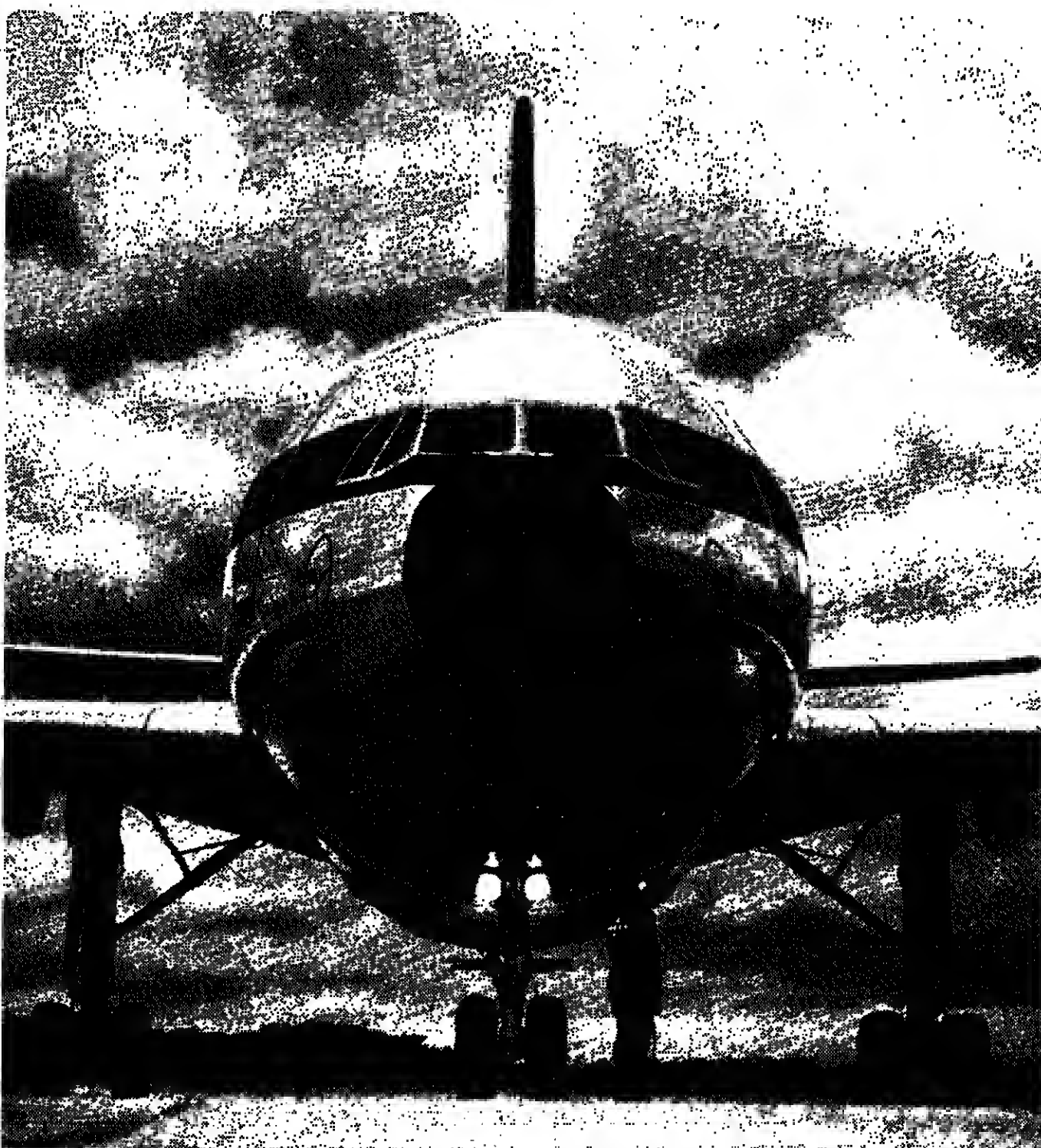
Promising writers see the Actors Theater not as the only road to New York but as a convenient one that other new playwrights would do well to try.

And try they do. This year, about 3,000 plays were submitted to Actors Theater. After wending their way through assorted readers and literary minions, they were narrowed down to fewer than a dozen.

Jory, who has drama in his blood — his father was the character actor Victor Jory, who often appeared at the Actors Theater — has little patience for those who see his organization as some kind of minor-league effort. Nor does he have any use for playwrights, critics or anybody else who suggests that audiences in Southern, unburied Louisville are provincial.

"We don't play down to this audience — we don't baby or coddle them. Our audience has become very sophisticated. They've probably seen 200 new plays in the last 10 years, and that's more than most New York audiences."

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The New (Short) Wave of Travelers

By Gary Yeckley
International Herald Tribune

BRUSSELS — "There are two things I'd never leave on a trip without," said the travel-wise businessman. "My toothbrush and shortwave radio."

Only a decade ago, the latter would have been unheard of. But more and more globe-trotting news junkies now find shortwave indispensable for keeping up with the latest happenings back home.

Modern technology has helped — tiny, lightweight portable radios with FM, AM and five shortwave bands can be bought for very little — as has the proliferation of short-wave radio stations, now about 200 around the world. Thanks to a cooperative atmosphere, they are able to bounce signals off the sky so that programs originating in London can be heard in Hawaii — and almost everywhere in between.

According to the International Short Wave Club, which says

about 340 million people own shortwave receivers, the most listened-to station in the world is Deutsche Welle of West Germany, broadcasting in 34 languages. Next come the British Broadcasting Corp., Radio Netherlands International and the Voice of America. In addition to news, these stations send to almost every country on the globe a wide range of feature programming covering everything from science to religion, sports to political analysis, economics to art.

Radio Netherlands International, broadcasting in nine languages, claims to be the oldest national shortwave station. It traces its beginnings to regular transmissions sent to the Dutch overseas territories under the name Happy Station in 1928.

Most listeners agree that the finest newscasts are those compiled by the BBC World Service. Its World News, heard 17 times a day, is depended on by diplomats, gov-

ernment leaders, businessmen and others. Supplementing it are more analytical news programs such as 24 Hours, The World Today and Radio Newsworld.

The American Forces Radio and Television Service's best-known fare is live play-by-play reports of American football, baseball and basketball games. It also broadcasts more than 700 U.S. network news programs each week to about 25 countries.

In the Warsaw Pact countries, the VOA, BBC, Radio Free Europe and Deutsche Welle provide a lifeline of news to citizens and to Western travelers. How important a lifeline it can be measured by the \$100 million that the Soviet Union spends every year trying to jam Western broadcasts to the Eastern Bloc — more than the entire budget of either the VOA or RFE.

Among other state-owned networks broadcasting in English around the world are Radio Moscow, Radio Australia, Radio Sweden, Radio Albania, Swiss Radio International and Radio Canada International.

For worldwide broadcasting schedules, write to: BBC World Service, P.O. Box 76, Bush House, London WC2B 4PH.

The Voice of America, 300 C Street S.W., Washington 20547. Radio Netherlands International, P.O. Box 222, 1200 JG Hilversum, The Netherlands.

American Forces Radio and Television Service, Broadcast Division, 1016 North McCadden Place, Los Angeles 90038.

Radio Free Europe, Oettingenstrasse 67, Am Englischen Garten, 8000 Munich.

Don't Say Quiche in Waco

The Associated Press

DALLAS — When it comes to Real Manhood, Yankee boys think they've got it made if they don't eat quiche. That's nothing. A Real Texan can't even pronounce it.

A Real Texan doesn't wear sunglasses; he squints. A Real Texan doesn't wear designer jeans. He doesn't drink in taverns; he boozes in honky-tonks. He doesn't use breath mints or insect repellent.

A Real Texan's girlfriend would never leave him for another woman. The closest he wants to get to California is Las Vegas. And he never goes to Oklahoma.

The Real Texan is summed up in 88 pages (for \$3.95) by Bill Walraven, a newspaper columnist. Walraven — a native Texan but not a Real one — was sitting in a beer garden (a Real Texan wouldn't go near one) in Austin talking about Real Men as defined in the best-selling book "Real Men Don't Eat Quiche," when somebody started talking about Real Texans, who are Real Men and a whole lot more.

Walraven continued the game in his column in the Corpus Christi Caller, readers sent in definitions,

and a book, "Real Texans Don't Drink Scotch in Their Dr Pepper," is the result.

A Real Texan drives the basic American-made pickup or an unwashed Cadillac, and he does without: chili without beans, beans without sugar, cigarettes without filters, beer without a glass.

Walraven and Jerry LaPorte, a cartoonist, who illustrated the little book, published it themselves last fall at a cost of \$12,000 for 25,000 copies. Now Walraven says he thinks the book will go into a second printing.

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Signs of Growth Begin to Emerge

By Garry L. Fairbairn

SASKATOON — After a year of frustration and stagnation, the powerful Alberta economy appears to be slowly resuming real growth.

Real output dropped 4.1 percent last year as the once-dynamic province was dragged down by Canada's general economic collapse, but national forecasting institutions predict Alberta's 1983 production of goods and services will be up 2.9 percent in real terms.

For future years, the picture is even brighter. The 2.3 million Albertans are poised to take advantage of tremendous growth opportunities in both energy and agriculture throughout the 1980s and 1990s. With less than a tenth of the nation's population, Alberta could well become the locomotive force for the whole Canadian economy.

Such inspiring visions of the future, however, are for many Albertans tinged with bitter memories. For almost all the 1970s, the province was driving hard toward realization of that now-visionary future. The extent of Albert's potential, in fact, is best shown by Alberta's past.

From 1971 to 1981, Alberta's real growth averaged 7 percent a year. On top of a solid agricultural base came soaring oil prices and a frenzied provincial boom in oil and natural gas development.

Calgary-based petroleum technicians scurried not only throughout the province, but also to Arctic wastes, chilly Atlantic waters, and the coasts of southeast Asia.

Quickly, Calgary became an international oil-exploration capital, with world and Eastern Canadian banks scrambling to set up representative offices. An unprecedented building boom engulfed the province's two major metropolitan areas, Edmonton and Calgary. Glittering skyscrapers shot upward, but their 40-plus stories of rentable space were largely sold out before the first 10 feet of girders were in place.

High flyers and speculators were in their glory as the province rushed toward an era of megaprojects — millions of dollars were poured daily into feasibility studies for Can.\$10 billion plants to extract oil from the northern tar sands.

A flood of resource revenue poured into provincial government treasuries. Even after special projects like paying off all municipal debt in the province, the Alberta government could watch its "heri-

tage fund" of resources soar past the Can.\$8 billion mark.

The fund was designed to save nonrenewable resource revenue for the day when Alberta needed to develop new industries to replace petroleum. Government incentives helped lure sophisticated electronics and medical research facilities, while the general boom was helping build up solar research, agricultural processing, fertilizer and petrochemical plants, and a permanent administrative and financial service center.

Developers jumped into plans for a sprawling movie studio and resort complex nicknamed "Hollywood North," producers of the movie "Superman" used rural Alberta for Clark Kent's boyhood, and Japanese tourists flocked to the Rocky Mountains in such numbers that Banff stores began putting up bilingual Japanese-and-English signs.

The benefits from Alberta's boom spread across Canada, with the eastern industrial heartland supplying steel, pipe, vehicles, equipment and consumer goods. Plans for the Can.\$19 billion Al-sands oil sands project envisaged 40 percent of that construction cost going to Ontario and Quebec businesses.

But the prospect of sharing wealth through such productive activities was not enough for the federal government in Ottawa. The governing Liberals owed nothing to the predominantly-Conservative voters in Alberta, only a small part of the national electorate.

Thus Canada was torn by a regulatory civil war with Ottawa seeking to acquire a large share of oil revenues while simultaneously building Canadian consumers' oil prices well below world levels and imposing discriminatory policies to reduce foreign ownership in the oil industry.

Oil and gas exploration activity virtually collapsed. At the same time, huge federal deficits were pushing interest rates to levels that would cripple the most optimistic venture. And all of this was in a setting of general economic recession.

With the collapse came cancellation of projects like Al-sands, and repercussions reaching back to Ontario and Quebec businesses.

Amid the chaos and recrimination, however, were some hopeful signs. A 1981 federal-provincial energy taxation agreement removed the worst aspects of the intergo-

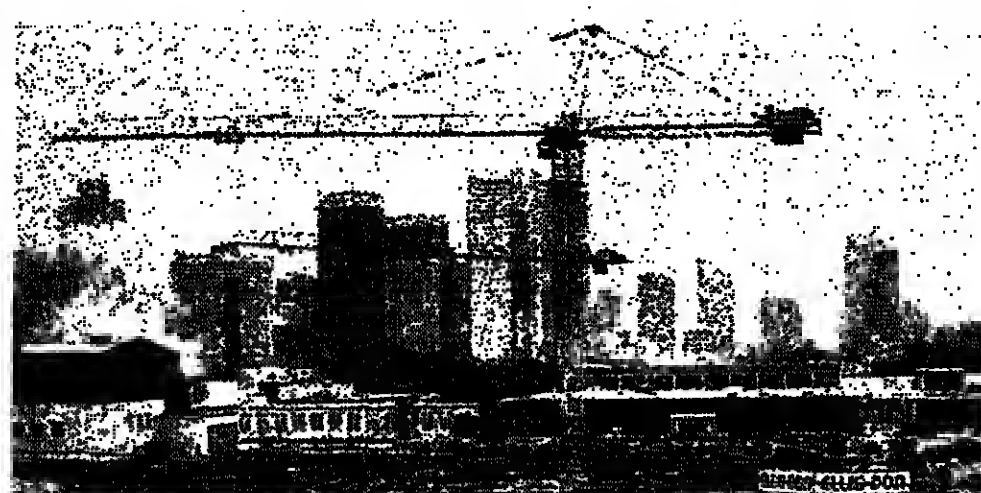
Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

WEDNESDAY, APRIL 6, 1983

ALBERTA

A SPECIAL REPORT



The boom brought new skylines to Edmonton, above, and Calgary, below.



A Growing Sense of Limits Marks Conservative Rule

By Mark Lisac

EDMONTON — Alberta politics have been reshaped by two years of turmoil that ended Nov. 2, 1982, when the Progressive Conservative party crushed all challengers en route to its fourth straight election victory under Premier Peter Lougheed.

There is a new sense of limits. In 1978, the Conservatives approved a constitutional policy that would have stripped the federal government of most of its powers, leaving jurisdiction over areas like defense, foreign policy and aspects of monetary policy.

That gesture now would seem not so much unthinkable as a waste of time.

The young urban professionals who flocked into the Conservative party in the early 1970s sought a bigger role in Canada for themselves and their province. They intended to use their new oil- and gas-based wealth to bypass old institutions.

Now prospective oil and gas revenues, which account for half the province's income, have shrunk due to the oil surplus. And cabinet members once engaged in throwing off Alberta's semi-colonial past — at the expense of political and financial institutions in Central Canada — are absorbed in trimming departmental budgets.

The Conservatives took 62.3 percent of the popular vote last fall — a margin virtually unheard of in Canadian politics — and 75 of 79 seats in the legislature.

They did it in the face of rising unemployment, falling property values and a challenge from the separatist-leaning Western Canada Concept Party, which threatened to undercut the Conservatives' image as the protectors of provincial interests.

The possibility of the party losing power during the 1980s is "rather small," said Paul Johnston, a University of Alberta political scientist who specializes in research on political behavior.

The clear-cut Conservative victory cooled off a political atmosphere heated by fights over national energy policy and the new Canadian constitution.

During 1981, new movements were founded. Farmers and small-town businessmen gathered to complain about the federal policy to make Canada bilingual, a concession to Quebec at the expense of the predominantly English-speaking West. Federal gun control laws and the shift to the metric system.

Meanwhile, the provincial government was moving toward its ultimate defense of provincial interests. To protest federal price restraints on crude oil and other aspects of the energy policy, Alberta reduced its output of light and medium crude through 1981. The production cut amounted to about 10 percent of Canadian demand by the time a federal-provincial energy agreement was signed in September 1981.

A constitutional accord followed two months later.

There have been displays of federal-provincial cooperation in the last few months, despite the havoc wreaked on the energy agreement by falling world oil prices.

Advanced Education Minister Dick Johnston, Alberta's minister for federal and intergovernmental

affairs from 1979-1982, said adoption of the new Canadian constitution last April put some matters to rest.

But the recession added impetus to cooperation, he said.

"I think the people of Alberta want us to deal with the problems that are before us in our own jurisdiction — education, unemployment, job creation, agriculture.

"These sorts of things are the keys that will carry Albertans through the next decade, and I don't think they want the fights with Ottawa over who controls communications, for example."

The other new dimension is the squeeze on the provincial budget, and Provincial Treasurer Lou Hyndman talks about "stark, new budget realities."

Opponents like New Democratic Party Leader Grant Notley say budget problems will force the Conservatives into tough political choices, allowing for the first genuine political dialogue in a decade.

The moderate left New Democrats, who called for public works spending to create jobs, won 18.8 percent of the popular vote and two seats — the other two fell to independents — last November. They now form the official opposition for the first time.

While the NDP works in the north's wooded farmland, there is a chance the Western Canada Concept, or some other emerging right-wing populist party, can steal Conservative support in the southern dryland farming areas.

The November election cost the 17-month-old WCC the seat won in an election upset last February, but an 11.8 percent popular vote still made it the province's third party.

What is not clear is what the WCC will do about its commitment to hold a referendum on independence. Party leader Gordon Keeler wants to dispose of the separatist tag at the party's convention next November and emphasize the commitment to what his members generally describe as "free-enterprise" policies.

Its chief stumbling block may be the Conservatives' shift in response to the public mood. The shift has

found expression in policies the WCC advocated: a return to a tough, province-wide system of examinations in high schools, a commitment not to increase the size of the public service this year, first steps toward reducing government regulation of business.

The question is how the Conservatives will balance their conflicting impulses in the next four years. For example, they made Alberta a tax haven of sorts in the 1970s — the only Canadian province without a retail sales tax and home for some of the lowest rates of individual corporate and income taxes in the country.

At the same time the Conservatives launched initiatives like a Can.\$60 million-a-year tax credit for renters and a program which pays up to Can.\$1,000 a year in municipal property tax owed by approximately 105,000 homeowners over age 65. Dale Barstow, an Edmonton housing consultant, has criticized the programs as "surprisingly irrational" interventions in the marketplace.

The matter of which way the Conservatives lean philosophically comes up time and again starting with the debate over whether a truly conservative government would have pushed average oil royalties to nearly 40 percent of the wellhead price.

Much of the strife with the federal government has reflected the drive by Albertans to become masters in their own house. It is an impulse born partly of memories of the 1930s, when one-third of the taxes in the drought-wracked province went to pay debts owed to far away bankers.

Circumstances have seeped that impulse for now. The self-assertion may return, but there also are hints of continued looking inward.

Premier Lougheed, along with Prime Minister Pierre Elliott Trudeau the most successful practicing politician in Canada, decided not to run for the federal leadership of his party in 1976 despite conviction among most observers that he could easily take over the reins to go on to win a federal election. He said he had a job to do for Alberta.

3 Years of Turmoil Flatten Oil Boom

By Kristin Goff

EDMONTON — Three years of political and economic turmoil have flattened Alberta's once booming oil industry. Among the major victims is a Can.\$13-billion oil sands project, Al-sands, which had been one of the largest industrial projects ever proposed in Canada until it collapsed last year.

Dome Canada Ltd., one of the very largest oil companies in Canada, has teetered on the edge of bankruptcy for months. It ran into trouble trying to swallow up the Canadian subsidiary of a U.S. oil company in a deal valued at Can.\$4 billion Canadian. It has averted default so far only because the federal government stepped in to deal with its bankers.

Less dramatic, but certainly as significant, are problems experienced by smaller companies in the Alberta oil industry. By some industry estimates as many as 40 percent of the oilfield service and supply jobs, or about 16,000 positions, have disappeared since October 1980.

Provincial sales of drilling licenses and leases for exploration and development work in 1982 barely reached a third of the Can.\$1 billion record of 1980. Activity so far this year shows little sign of improving. Recent figures from the Canadian Association of Oilwell Drilling Contractors show about half the available rigs were working during early March, a peak drilling time.

Conventional oil production dropped about 20 percent to about 937,200 barrels per day according to preliminary estimates for 1982, down from 1.18 million barrels in 1979, the last good year for the industry.

The outlook for this year is for little or no improvement in the Alberta industry, which traditionally supplies 85 percent of Canada's energy needs.

But the industry still blames a great deal of its problems on an energy policy, worked out in 1980 and 1981, which set new goals for the industry, new ground rules for industry and a new system of prices and taxes. The National Energy Program, introduced by the federal government in October 1980, set out goals of energy self-sufficiency for Canada by 1990.

However, the National Energy Program also heated up a long-standing energy war with Alberta on taxes and pricing of oil and gas. It was not until almost a year later that the federal and provincial governments signed a five-year pricing and tax agreement to govern the industry through 1986.

The Canadian Petroleum Association, an industry group, estimates the agreement reduced industry cash flow, that is the revenue after taxes and expenses, by 30 percent starting in late 1981 and again last year. Policies offering incentives to Canadian companies at the expense of foreign companies, undermined foreign investment confidence, industry spokesmen say.

Those problems were compounded when the weakened industry ran into the worsening recession, climbing interest rates, and declining markets for oil and gas.

"The industry is currently beset with two or three problems beyond the reach of governments. Interest rates and the international price of oil are in the mix," said Ian Smyth, executive director of the Canadian Petroleum Association, which represents most of the major oil producers. But the other problems are made in Canada. The whole thrust of economic nationalism... (and) disputes over taxing power have impacted the framework of the industry to make it less stable," he said. Mr. Smyth said the outlook for the industry now depends on what adjustments, if any, are made to the fiscal terms of the agreement.

The agreement laid out a schedule of taxes, royalties and forecast price increases over a five-year period to end in 1986.

Banking, Finance: Learning to Cope With Minimal Growth

By David Pommer

CALGARY — At the peak of Alberta's boom several years ago, a senior banker for one Canadian bank aggressively expanding in this province boasted that the pressure of daily deal-making at that time had forced him to warm his brandy — dispensed from his desk-side decanter — in a microwave oven.

Now he and his counterparts not only have time to warm their liquid pleasure in the more traditional

fashion, but they are lucky if they can afford such luxuries.

Bruised by the misfortunes that have befallen Alberta's oil-and-gas-based economy, the province's banking and finance community has abandoned its "nice guy" image when dealing with prospective borrowers and is learning how to cope with minimal asset growth.

The Conference Board of Canada projects a 2.6-percent growth rate for Alberta in 1983. That is more than twice that projected for

Canada as a whole but far from the 6 to 7 percent enjoyed in the late 1970s and early 1980s when Alberta led the nation.

The short-term outlook for provincial growth is not bright. There were more than 700 business bankruptcies in Alberta last year, and these firms had debts of more than \$200 million. Some banking industry observers expect 1983 statistics to be just as chilling.

But profits, especially those of domestic banks, are recovering. Some of last year's problem loans are now starting to yield interest

income again, and the ability of companies to use the long-term financing market is improving as the prime rate stabilizes in the 11-percent range, taking the pressure off banks for funds.

There are 57 foreign banks chartered in Canada, 22 of them with offices in Calgary, the dominant financial center in the province.

While the lion's share of Canadian banking business has been done by the big five domestic banks, the downturn has changed that. The desire now is to spread the risk

around in U.S. and European-style banking syndications. Foreign bankers clearly have the edge in this area.

Each foreign-owned bank in Canada has been allotted a deemed authorized capital, and its Canadian assets must not exceed 20 times that amount. Canadian and international assets must not exceed 20 times each foreign bank's capital and reserves. Taken together, the foreign banks must not corner more than eight percent of the domestic business booked by the entire Canadian business system.

new Ottawa-Alberta dispute since it provides that domestic prices for oil shall be 75 percent of world levels but does not specifically require domestic prices to fall when world prices do. The declining world prices, however, may make it politically acceptable for Ottawa to remove restrictions on Canadian prices altogether, giving industry the prospect of having to deal with market but not bureaucratic forces.

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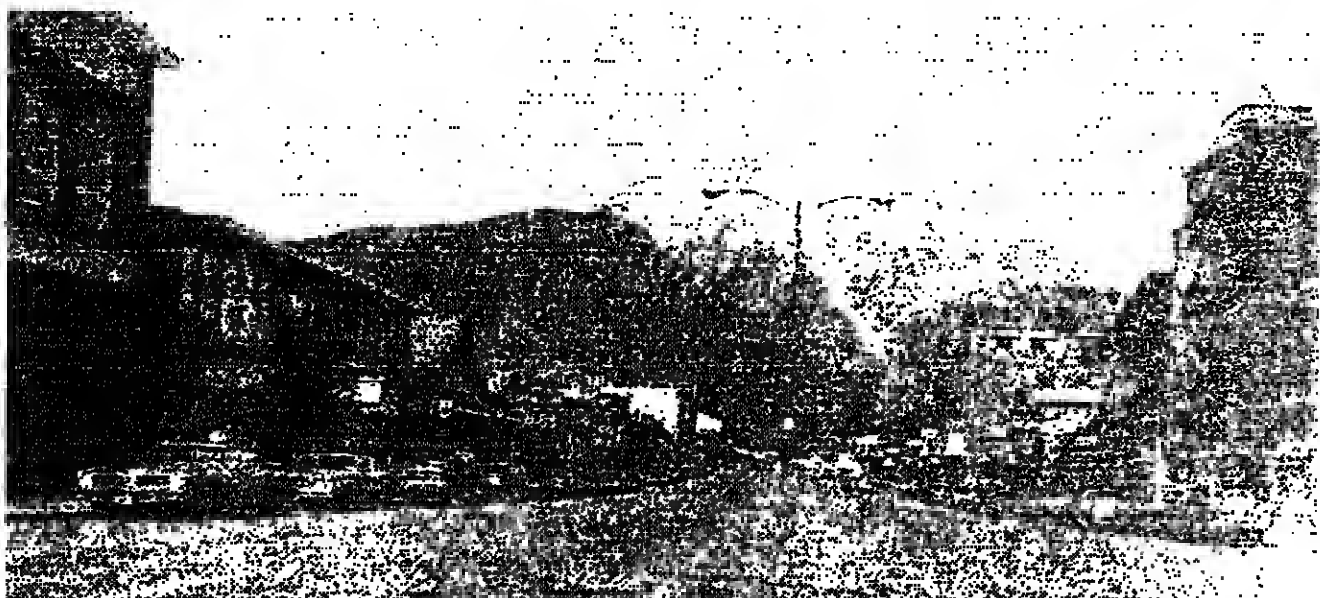
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ALBERTA



Alberta Dinosaur Park's lunar landscape.



Banff's main street on a quiet midweek day.

Civil Weddings for Japanese in Banff Lead Rocky Mountains Tourism Industry

By Jeff Adams

BANFF — Thousands of Japanese tourists arrive in this tiny Rocky Mountain town each year, many of them newlyweds more concerned with acquiring a Banff-stamped marriage document than with a week's skiing or sightseeing.

"They have a Japanese wedding in Japan, with traditional Japanese dress, then they come over here and dress in Western clothes and get married in a civil ceremony at one of the local churches," explained John Cimon, sales director at two of the area's oldest hotels. Mr. Cimon said the localized Japanese weddings are legal as Alberta law requires only 24 hours residency before matrimony.

Why do Oriental couples travel around the world each year to repeat marriage vows they took only days or weeks earlier? Because the marriage certificate and wedding photo are "something to show your family

when you get back," Mr. Cimon said. He estimated Banff and nearby Lake Louise, with a total population of less than 10,000, receive at least 20,000 Japanese tourists each year. Their importance to the economies of the two towns located inside Banff National Park is apparent in many of the local hotels, restaurants and shops — signs are posted in Japanese as well as English.

The number of Western Europeans who visit Banff is small compared to the Japanese. David Morrison, president of the Banff Chamber of Commerce, said the Japanese are the second-largest tourist group in the Canadian Rockies, outnumbered only by U.S. visitors. But Mr. Cimon emphasized the Japanese do more in Banff and Lake Louise than marry and shop. In winter they and thousands of other visitors and locals ski the area's mountain ranges, site of past World Cup downhill events and the 1988 Winter Olympics.

Besides skiing near Banff and Jasper to the north, wintertime visitors

to the Canadian Rockies can try cross-country skiing, snowshoeing, ice-fishing, snowmobiling, camping or just resting in the natural hot pools near Banff. In summer there is hiking and mountain climbing, camping, river-rafting and canoeing, bicycling, golf, horseback riding and tennis, or even a trip in all-terrain vehicles to the Columbia Icefields, slowly melting glaciers. Other popular options for Alberta visitors include: The Badlands — Desert-like ranching country, with cactus and sun-bleached cattle skulls, featuring sandstone formations — a world 70 million years old.

Dinosaur Provincial Park — A 5,000-hectare deposit of dinosaur bones. On the United Nations Education, Scientific and Cultural Organization's list of internationally preserved cultural and natural sites. The Calgary Stampede (July 8-17). Billed as the world's largest rodeo, with almost one million visitors in its 59th season last year. The World University Games (July 1-11). Edmonton. Klondike Days (July 21-30). Based on

the 1890s gold rush when Edmonton was the last stop between civilization and the Yukon goldfields. Fly-in fishing or hunting packages. Take sportsmen to Alberta's northern wilderness at rates ranging from \$75 to \$200 a day. Sub-Arctic wilderness adventures. Offer trips into the far north that include dog-sledding, overnight stays in teepees and close views of caribou herds for about \$200 a day.

Heli-skiing. Try mountains where only helicopters can go — the ultimate skiing challenge at \$50 to \$200 a day.

Guest or "Dude" ranches. Offer outdoor activities and Canadian prairie life for \$25 to \$30 a night including meals. Kananaskis Provincial Park. A vast summertime sporting area that includes land used as a World War II P.O.W. camp. Hot air balloon rides. Calgary, recognized as the "balloon capital of Canada." About \$125 per person for a 90-minute champagne flight. Calgary Park. A Disneyland-style amusement park.

A Year of Setbacks Erodes Boom Tone

By Steve Merd

CALGARY — An unknown wag three years ago coined the saying: Calgary will be a great city, once they finish uncrating it. Calgarians, especially new ones, took to that one-liner, repeating it in a tone that was only slightly self-deprecating. The quip was redolent of a city full of itself. That smugness, the assurance Calgary was at the center of things, now is gone, worn away by more than a year of economic setbacks.

"We were terribly smug," said Jack Peach, 69, an author and native Calgarian. "(We said) keep out of our space. We don't need you unless you can add to the wealth we have."

Times are not really hard for most Calgarians, but they have sensed a limit to the possibilities. "People are always talking about how bad things are in relation to how good they were, and they were extraordinarily good in this city," said Mayor Ralph Klein.

For some, Mr. Klein, a former television journalist who won the election in October 1980, symbolized the elation of the new Calgary. He gained nationwide notoriety for a comment made 18 months ago. He said the city only wanted people who could contribute to its prosperity. Nothing more robberies and muggings in boomtown Calgary were committed by Eastern Canadians, he said there was no room in the city for "creeps and bums" who came to prey on others.

The statement was widely interpreted as a slap at Eastern migrants. Mr. Klein received support inside and outside Calgary. One editorial cartoon showed a border checkpoint outside the city with guards administering means tests and asking to see university diplomas.

The issue said a lot about how Canadians viewed Calgary and Calgarians viewed themselves. Rising oil prices in the 1970s had turned Calgary from a one-time cowtown and branch office for mostly foreign petroleum companies into a thriving energy center of more than 600,000.

The Calgary Tower, a 626-foot miniature-skyscraper, soared over a nearly nonexistent skyline 15 years ago. Today downtown Calgary is a forest of high-rise office and apartment buildings, many built since 1975, a miniature Manhattan in the Rocky Mountain foothills.

Someone suggested the crane — the building variety — should be the city's official bird, so many of the giant machines seemed to be roosting downtown.

As the rest of Canada began skidding into the recession in 1980, the West, especially Alberta, remained vibrant mainly on the strength of its resource base. In the 1960s "go-in' down the road" meant heading to Toronto from Newfoundland, in 1980, going to Calgary from anywhere.

BASIC DATA

Total area: 661,188 square kilometers. Population: 2,086,400. Largest cities: Calgary (650,618) and Edmonton (505,773). Per capita income: (1979) Can.\$9,489. One Canadian dollar = U.S.\$91.52

Annual sales figures for leading manufacturing industries: Food and beverages: \$8.7 billion; petroleum and coal products: \$1.7 billion; chemicals and chemical products: \$696 million; metal fabricating: \$511 million; primary metals: \$509 million; other mineral products: \$503 million; and wood: \$418 million.

But if Calgary's rise was fast, the fall also has been sharp. Oil and gas activity fell off beginning in mid-1981, a victim of slumping markets and government energy policies. The host of small, independent oil and gas firms of the mid-1970s has been thinned through bankruptcies and mergers. Those left, along with the multinationals, are spending little, employing few.

The development boom ended last year as firms cancelled, delayed or reduced projects. Some office buildings were topped off below planned heights. Other projects have become parking lots.

Falling World Demand for Coal Delays 7 Provincial Projects

By Heather Wilson

CALGARY — Seven thermal coal projects expected to pump more than Can.\$2 billion into Alberta's economy and to create thousands of jobs by the mid-1980s could be delayed several years due to shrinking world coal demand.

While the long-term outlook for coal remains bullish despite today's falling oil prices and reduced energy demand, industry officials in the province say costly development work is unlikely to proceed without long-term export contracts or firm letters of intent.

And with the international markets "extremely tough" to penetrate as marketing executives around the globe anxiously pound on few receptive doors, the battle for agreements is expected to be as fierce as last year.

Recently, Crows Nest Resources Limited, a Calgary-based wholly-owned subsidiary of Shell Canada Ltd., signed a long-term thermal coal contract with Korea Electric Corp. for 400,000 metric tons per year to be supplied from its southeastern British Columbia mine.

But that was the first contract announced in Alberta for more than a year.

Instead, headlines have been alive with project delays, layoffs at existing coking coal mines and ticklish negotiations with Japanese steel mills over contract renewals and price adjustments.

Hardest hit have been two existing Alberta metallurgical mines, both aimed at export markets. Melnyre Mines Ltd. was forced to lay off 500 workers at its Grande Cache mine in western Alberta last spring due to slumping coal sales

and heavy corporate losses. That was followed by a long, tough fight in October to renew a contract with Japanese mills.

The resulting two-year agreement calls for 1.8 million tons — 300,000 less than the previous contract.

Meanwhile, Luscar Ltd. of Edmonton closed its Cardinal River operation in west-central Alberta for six weeks last fall and laid off 144 mine workers this winter to reduce mounting inventories caused by a 25 percent cutback in Japanese shipments.

As Joe Macaluso, former president of the Coal Association of Canada remarked in an interview prior to his resignation in February: "Contracts with the Japanese are really letters of intent to them. You don't sue them, it would be like shooting your mother when she's feeding you. You just have to wait for demand to improve."

Last year, Alberta exported 5.2 million tons of metallurgical and thermal coal primarily to Pacific Rim countries, but also to South America, Mexico, the U.S. Europe and India.

Natural Gas Exporters Face Severe Crisis as U.S. Orders Fall

By David Hatter

CALGARY — Alberta's natural gas industry is facing its potentially gravest crisis. At a time when Canada, with huge surplus reserves in Alberta, wants to ship more gas to the United States than ever before, several traditional U.S. buyers are cutting back on their purchases.

The result is that many Alberta producers, who have drilled for gas in the expectation of increasing export sales, are worried. In most cases, they have drilled with borrowed funds — and their ranks may not be prepared to wait years for the gas to be produced. The National Energy Board (NEB) estimates Canada's conventional gas reserves at 70 trillion cubic feet, more than 60 trillion cubic feet of which are located in Alberta. In contrast, total 1982 production was a mere 2.4 trillion cubic feet — 1.6 for the do-

mestic market and a little less than 800 billion cubic feet for the United States.

At last count, there were about 11,000 shut-in gas wells in Alberta and the number has been growing as export sales decline. In the first two weeks of March, when three of

Canada's major U.S. gas customers announced purchasing cutbacks, total export sales dropped by more than 20 percent. The loss in revenues for the industry was about \$Can.3 million a day.

Despite the energy board's decision in January to almost double

the amount of gas authorized to flow south of the border, the common consensus in the industry — and government — is that at least for the next two or three years, Canada will be lucky to maintain its current share of the U.S. market.

Canada's 1982 exports — 778 billion cubic feet — represented 4 percent of total U.S. requirements, but about one-third of all Canadian production. Even so, it was less than half the volume the National Energy Board had authorized for export during the year.

Agriculture: Looking for a Vital Resource After Oil Era

SASKATOON — Soaring land values have made paper millionaires of many Alberta farmers and ranchers, but the industry is caught in its traditional cost-price squeeze. Meanwhile, increasing salinization and wind erosion each year sharply reduces crop yields.

In addition to soil research efforts, studies are under way on ways to boost productivity. Advocates of large irrigation projects point to the fact that 12 percent of the value of farm production comes from the 4 percent of irrigated farmland.

Behind such increasing efforts in agricultural research is the wide-

spread realization that lucrative oil will be gone one day, but proper management can maintain food production almost indefinitely.

Total farm cash receipts for 1982 were Can.\$3.9 billion, down from Can.\$3.9 billion the year before but well above 1980s Can.\$3.1 billion.

The problems are similar for foothills ranchers and the heavily mechanized grain farmers: no control over either input costs or output prices. Both groups' opportunities for future growth, meanwhile, will be heavily influenced by the fate of a unique Western Canadian institution known as the "Holv

Crow," shorthand for a system of rail freight rates on export grain.

The rates date back to 1897, when they were first established in the Crownest Pass agreement between the federal government and the Canadian Pacific Railway. During and after World War I, the railways charged higher rates, but since the mid-1920s the Crow rates have been set by legislation and extended to other railways and other commodities.

For grain farmers, the result is a system of subsidized rates that makes it cheaper to ship 100 pounds of Alberta grain over the

Rocky Mountains to the port of Vancouver than to mail a one-ounce letter within one city. Mounting railway losses have to date been partially subsidized by Ottawa, but the federal government is engaged on a campaign to abolish the statutory Crow rate, replacing it with a subsidy that is more direct and less costly. While many farm groups continue to defend the "Crow rate," others are being persuaded by the federal argument that rates must go up so railways can expand and modernize to handle increased grain exports.

— GARRY L. FAIRBAIRN

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INSIGHTS

Afghanistan: A Brutalizing War

Soviet Soldiers' Stories Reminiscent of U.S. Vietnam Experience

By Robert Gillette

Los Angeles Times Service

MOSCOW — A Soviet Army lieutenant, home from Afghanistan, shocked his civilian companions in a restaurant recently when he told them that he never wanted to see his comrades-in-arms again. The officer had been drinking, but his sincerity was not to be doubted.

To the civilians at the table, Russians steeped in the sentimental reminiscences of World War II that fill popular books and magazines, and a good part of Soviet television, the young lieutenant's attitude was incomprehensible.

The officer explained simply that there is nothing about the war to sentimentalize. It is brutal and brutalizing, he told his tablemates, and the less he had to think about it the better.

In the three years since the Soviet Army installed the pro-Moscow regime of President Babrak Karmal in Kabul, about 300,000 soldiers and officers have returned from Afghanistan on regular troop rotations, according to Western military specialists. Like the senior lieutenant in a provincial Russian city, some of them are bringing home feelings of bitterness, frustration and horror reminiscent of the American experience in Vietnam.

Some have told friends and relatives about the futility of massive Soviet firepower in mountainous terrain, where a fanatic enemy seems to be everywhere, yet is rarely seen.

There are scattered reports from returning troops about high casualties, squads and platoon-size units decimated by deaths, wounds, accidents and illness. In one instance, a Soviet officer has told friends that he was gravely injured in a chemical attack, apparently one involving Soviet-made poison gas.

Other veterans of the 3-year conflict are talking about the widespread use of marijuana and hashish among Soviet troops, a new experience for most young Russians. A few have hinted at casual violence and atrocities committed by youthful recruits, possibly in retaliation for similar acts by Muslim insurgents.

The disillusioned lieutenant, for one, gave two reasons for wanting to banish his memories of Afghanistan, which he said is "ruining" good men.

There are the severely wounded and crippled whose own traumas, he said, are painful to think about. Others in his unit, the lieutenant added, had debased themselves by "cutting off heads and other body parts" of Afghan guerrillas. He did not explain the circumstances, and his companions thought it best not to ask.

Pervasive secrecy about the Afghan war and the dispersion of returning troops through a country of 21 million people made it almost impossible to get a clear picture of the Afghan war as seen through Russian eyes.

But on the basis of comments collected during the last eight months from 15 officers and soldiers who served there, through a variety of Soviet sources, it would appear that the 105,000

Soviet troops now in Afghanistan suffer significant problems of morale and discipline.

Western diplomats do not believe these problems are likely to weaken Soviet determination to stay in Afghanistan or to force basic changes in the conduct of the counterinsurgency war. But the experiences of Soviet troops in Afghanistan, as they spread by word of mouth, are beginning to color public impressions of the war and contribute to a broader disenchantment of Russian youth.

Secrecy limits this impact. Soviet news organizations, except for a recent spate of articles about heroic Soviet soldiers, rarely publish anything resembling war news. Many returning soldiers seem reluctant to talk about the war for personal reasons. Moreover, all military personnel, in addition to signing pledges not to have contact with foreigners, appear to live under special constraints where Afghanistan is concerned, and these may extend to troops discharged from the army.

Hepatitis Is Common

On the overnight train from Leningrad to Moscow, for example, a Soviet officer worker found himself sharing his compartment recently with an army captain on sick leave from Afghanistan. The captain turned down an offer of cognac, saying he was still recovering from hepatitis, a common illness among Soviet troops in Afghanistan, and doctors had ordered him not to drink.

The officer worker, struggling to make conversation, asked the captain what he did in Afghanistan. "We guard sites," the officer replied curtly, and fell silent for the rest of the trip.

Other military officers, however, have provided vivid glimpses of the difficulties that Soviet forces, designed for conventional warfare in Europe, face in rooting guerrillas out of awesomely rugged mountain terrain in Afghanistan. During a brief home leave last summer in the Moscow area, an air force lieutenant colonel serving in Afghanistan told an acquaintance that, in his judgment, the military situation there is "terrible."

Echoing frustrations heard more than a decade ago from Americans in Vietnam, the officer complained, "You shoot but you never see anyone or anything to shoot at." He added that tanks, the mainstay of the Soviet Army, have proved unwieldy and of limited value in a guerrilla war. "What good are tanks in the mountains?" he asked.

His perspective appeared to be that of an officer providing air support for ground operations. According to Western military specialists, the Soviet Union has gradually absorbed basic lessons of guerrilla warfare in Afghanistan and is adapting tactics to local conditions.

Air support is said to have improved, mainly through the growing use of helicopters. In the process, however, the Soviets have turned to scorched-earth techniques, using ground forces to cordon off villages and reducing them to rubble with indiscriminate strafing and bombardment.

None of the soldiers and officers whose remarks were accessible reported having seen or heard about the use of Soviet chemical weapons in Afghanistan.

In one instance, however, a Soviet officer in his 30s who came home last spring after recuperating for several months in a military hospital told close friends that he had suffered severe lung damage from a chemical weapon. He said doctors had given him five years to live.

The officers' friends, who asked that he not be further identified, assumed at first that he was the victim of a gas attack by Afghan insurgents. But when the officer steadfastly refused to say how he was injured, or by whom, his friends concluded that he must have been the victim of an accident involving a Soviet chemical weapon.

Moscow has denounced as a fabrication U.S. allegations that Soviet chemical weapons, some of them employing biological toxins, have killed at least 10,000 villagers and insurgents in Afghanistan, Laos and Cambodia since 1975. In a mirror image of the U.S. accusations, the Russians have accused the United States in turn of supplying "poison chemicals" in Afghan guerrillas.

The only physical evidence the Soviet Union has cited consists of hand grenades allegedly found in guerrilla arms caches. Published Soviet photographs clearly show some of them labeled as smoke grenades designed for defensive training exercises. Others are marked as containing nonlethal agents used in civilian riot control. Neither is likely to have caused the kind of severe injury reported by the Russian officer.

A Western military attaché said he had no doubt that Afghan guerrillas would "use anything they could get their hands on," but he added that it would make no sense to put lethal gases in hand grenades because their short range would endanger the troops using them, even if they had protective gear.

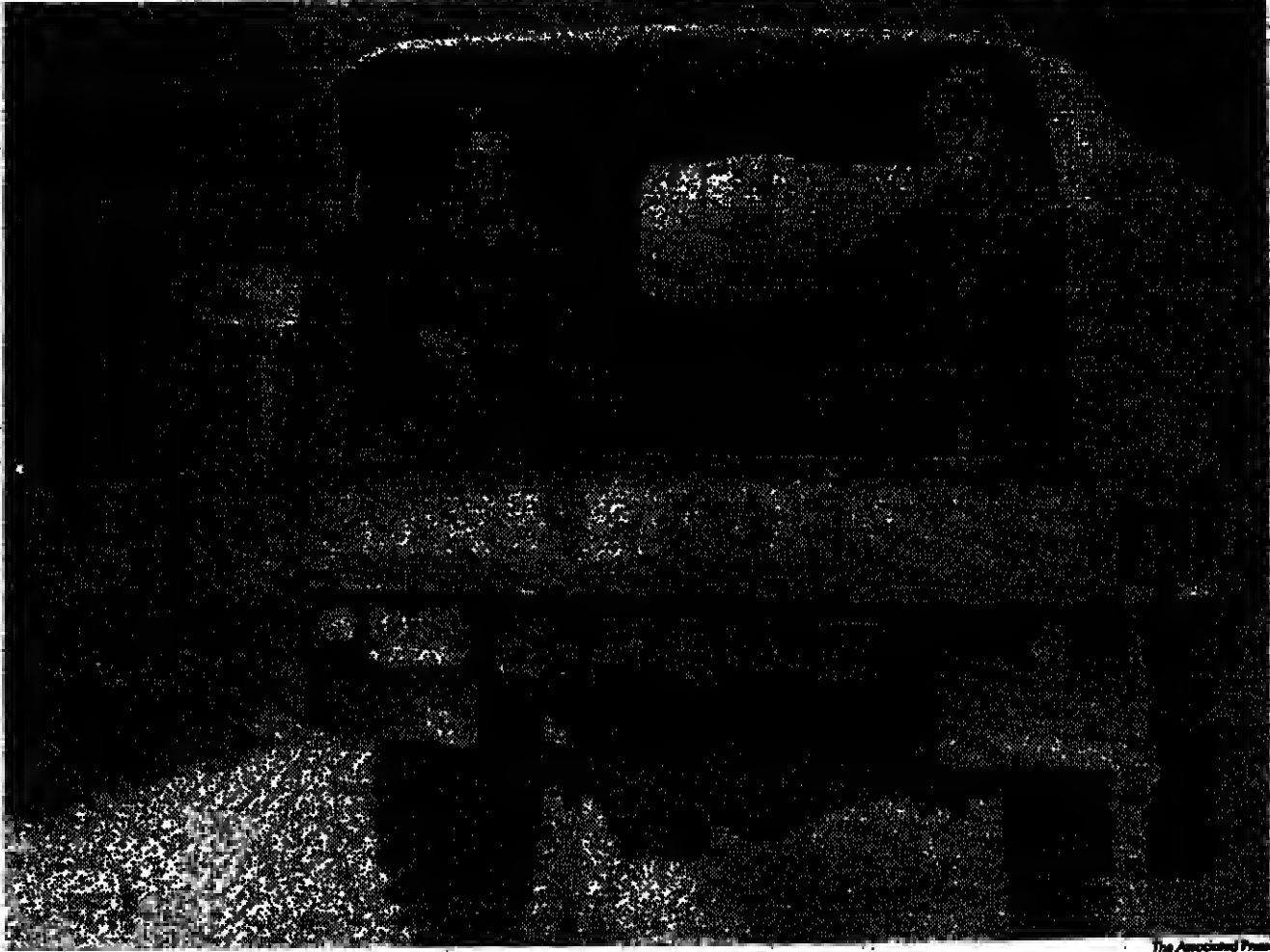
Cities Are Far From Secure

Western analysts generally agree that while Soviet and Afghan government forces hold the cities, they control no more than about 20 percent of the countryside. Remarks by returning soldiers confirm with this assessment. They also tend to corroborate Western reports that guerrilla resistance continues in Kabul and other cities and that city streets in Afghanistan are far from secure.

The air force officer who described the overall military situation as terrible, for instance, also said that even in the capital of Kabul "there is no safe place to walk."

A young Muscovite, home on sick leave with hepatitis, said the standard procedure for going to a cafe in Kabul is to travel in groups of half a dozen Russian soldiers, accompanied by two or three armed Afghans. In the cafes, he said, all keep their machine guns ready in their laps.

Still another young soldier from Moscow, who counted himself lucky to be assigned to the relative safety of guard duty in Kabul, recalled



A Soviet soldier smiles as a patrol rumbles through the streets of Kabul.

that "there was never a quiet night" in his year of army service there. "There was always shooting, something was always blowing up," he said.

No Russian casualty figures in Afghanistan have been made public, but the U.S. Defense Department estimates that Soviet armed forces have paid a relatively low price in three years of conflict, with 5,000 killed and about 10,000 wounded. In the absence of official information, Russians are often willing to believe much higher figures, in part because of sporadic but persistent reports of decimated units.

A young veteran from the Ural Mountains region wrote to friends in Moscow last fall, for example, telling that only he and one other survived out of his squad of 10 draftees. He gave no details of how the rest had died.

The Moscow soldier flown home to recuperate from hepatitis said that 20 percent of his unit, whose size he did not specify, were either dead, wounded or ill. A soldier from the Georgian capital of Tbilisi told friends several months ago that only two out of his unit of 14 were still alive after less than a year in Afghanistan.

According to Western military specialists, the high incidence of infectious hepatitis among troops reflects a combination of scarce water

supplies in Afghanistan and poor sanitation in military camps.

In the case of the soldier from Soviet Georgia, an acquaintance said that after recuperating at home, he was sent back to Afghanistan, in evident despair, with only three months left to serve in the army. When his mother told him she was buying him new clothes in anticipation of his discharge, the friend said he replied, "Don't bother. I won't be coming home."

Whether he came home safely could not be learned. Most Soviet soldiers in Afghanistan are draftees in their teens and early 20s who know little about the outside world and often seem ill-prepared and poorly motivated for the ferocity and complexity of a modern guerrilla war. Recruits heading for Afghanistan are routinely told that their job is to defend a brotherly communist country from U.S. aggression. Not everyone believes it.

"They told us we had to go to Afghanistan to keep America from deploying nuclear weapons there," an Afghan war veteran told two American students in Moscow last fall. He indicated that he and his friends who had served there attached little credence to the claim and, overall, had found their experience in Afghanistan a dispiriting one.

For some Soviet soldiers, the war seems to be

not so much a demoralizing experience as an eye-opening one. One young returnee, an ethnic Russian, wrote to friends in Moscow in amazement, telling them of the divided loyalties he found among Moslems from Central Asia in his unit. Some, he wrote, "would rather shoot Russians than Afghans."

Others discover marijuana, hashish or more commonly, plan, a cheaper derivative of the hemp plant, which is smoked like marijuana. Paying for drugs is a problem and has reportedly led to a lively black market in which the currency is Soviet field equipment, weapons and ammunition, and goods stolen from Afghan civilians.

A returnee described an incident in which a Soviet soldier shot an Afghan woman in Kabul for a small gold chain. He said holdups by Soviet soldiers in Afghan city shops are not uncommon.

But smoking plan in Afghanistan was far preferable to drinking vodka, which was scarce anyway, a Moscow truck driver said. Vodka led to drunken brawls, he said, while puffing plan led to nothing more strenuous than listening to the radio.

What radio? he was asked. "The BBC," he said. "From London."

From Giscard: A Defense of Missile Stand

By Michael Dobbs

Washington Post Service

AUTHON, France — Former President Valéry Giscard d'Estaing of France seems anxious to correct what he obviously considers to be a mistaken impression: the idea that his Socialist successor, François Mitterrand, is turning out to be a more reliable ally for the United States than he was himself.

It is a perception that is largely based on Mr. Mitterrand's willingness as president of France to publicly endorse the deployment of American cruise and Pershing missiles in Europe in counter the buildup of Soviet SS-20s. While he was in office, Mr. Giscard d'Estaing, a centrist, never took such an unambiguous stance — and he now explains that he feared that doing so would encourage the Kremlin to jump France's independent deterrent together with U.S. nuclear forces.

The former French leader invited an American reporter down to his family chateau in the Loire Valley this Easter weekend for a lengthy conversation in which he defended his position on Euro-missiles and outlined what he believes is a method of breaking the negotiating deadlock between Washington and Moscow.

Welcoming President Ronald Reagan's decision to move away from insistence on the "zero option," he suggested that the U.S. administration and its West European allies announce and implement a carefully phased program for deploying cruise and Pershing missiles.

Plan's Advantage

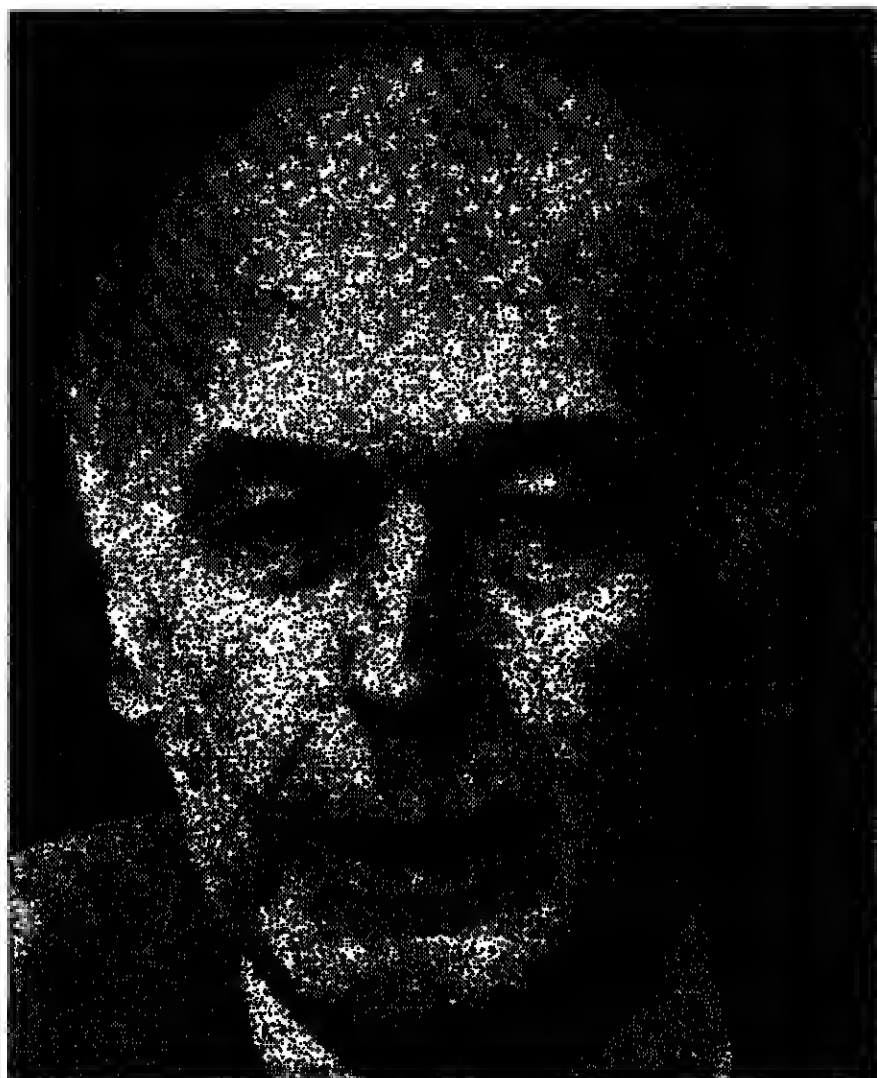
The advantage of such a plan, Mr. Giscard d'Estaing argued, is that it would allow the West to begin deployment at fairly modest levels while at the same time gradually increasing pressure on Moscow to negotiate. It thus enjoyed greater chances of success than either an attempt to get the Soviet Union to scrap all its SS-20s at once (which is what the zero option amounted to) or an interim agreement on scaled-down arsenals of Soviet and U.S. missiles.

Last week Mr. Reagan proposed that the United States would "substantially reduce" the 572 Pershing-2 and ground-based cruise missiles scheduled for deployment in Western Europe from the end of this year if the Soviet Union reciprocated by dismantling part of its stock of SS-20s. The offer was described as "unacceptable" Saturday by the Soviet foreign minister, Andrei A. Gromyko, partly on the ground that it failed to take into account French and British missiles.

In seeking to justify his insistence on keeping France out of the Euro-missile debate while he was in power, Mr. Giscard d'Estaing is careful not to criticize his successor directly. But the strong implication of his remarks is that he believes that Mr. Mitterrand's declarations of solidarity with the United States have only complicated attempts to negotiate a compromise in Geneva.

The former president said his policy while in office had been to avoid making public statements about the deployment of U.S. missiles in Europe since France does not belong to the military wing of the North Atlantic Treaty Organization. In private, however, he made clear that he supported NATO's plans to deploy the missiles if there was no negotiated settlement by the end of 1983.

"We didn't accept that French strategic forces should be included in the negotiations," he said. "I thought that if we took a formal stand on this, we were opening the door for the



Valéry Giscard d'Estaing

Soviet Union to count us in. This is exactly what has now happened."

Mr. Giscard d'Estaing said that during his term of office — up until May 1981 — the Kremlin never seriously raised the issue of including French missiles in negotiations for a European theater balance. The connection was first made in public late last year when the Soviet leader, Yuri V. Andropov, offered to cut the Kremlin's force of around 250 SS-20s deployed in Europe to 162 — to equal the number of French and British nuclear weapons.

The Soviet proposal was rejected by both France and Britain. It has, however, become a valuable propaganda argument for Moscow in winning over public opinion in Western Europe. Mr. Gromyko raised it again last weekend when he asked sarcastically whether a missile labeled "I'm British" would not kill people just as much as any other missile.

Giving his view of Soviet negotiating strategy, Mr. Giscard d'Estaing said he believed that the Kremlin had been gambling on the belief that it was possible to prevent the deployment of the new U.S. missiles altogether. The victory of the Christian Democrats in the West German elections last month had represented a setback for the Russians — but they had not entirely given up hope, he said.

Level of Deployment

The former French president argued that, for this reason, the West should now make clear that deployment would definitely go ahead.

He said: "I think the West must say 'we want to negotiate with the Soviet Union, we know that the chances for such negotiations succeeded at present are practically nonexistent, so we

will create the conditions in which negotiations can produce results.' This implies, first, that there will be deployment and, second, that the method of deployment will induce the Soviets in negotiation."

Illustrating his argument that the Kremlin at present has no interest in serious bargaining, he said it was impossible to imagine a new leader like Mr. Andropov agreeing to "unilaterally destroy" an SS-20 force that had been built up over a period of four years. There was no chance of negotiations succeeding as long as Moscow thought it was still possible to prevent deployment.

Mr. Giscard d'Estaing said it was regrettable that West European leaders had not taken what he called "an historic opportunity" to propose an initiative for breaking the impasse. Since there was no chance of agreement on the zero option formula, he said it would be "an act of statesmanship" to present to the Soviet Union a program for phased deployment of U.S. missiles that could be stopped at any intermediate level.

"If you just mention a single level of deployment, then what does the Soviet Union have to negotiate about? Nothing... because the first stage in such a negotiation would be to reduce its own level of deployment. If you only propose one level of deployment, then it has to be rather high in order to be credible. But if you phase your deployment, then you can start low," he said.

Mr. Giscard d'Estaing said that a program of phased deployment would also be easier to sell to Western public opinion since it could be presented as a transitory step toward an eventual "zero objective" involving the dismantling of intermediate range weapons on both sides.

Diplomats in Britain's Foreign Office, Popular Targets, Under Fire Again

By William Tuohy

Los Angeles Times Service

LONDON — The British Foreign Office, which diplomats around the world have long considered second to none, has recently come in for withering criticism at home.

"Even the suffest of upper lips must be trembling a little," said Peter Taylor, a writer on diplomatic affairs. "It is difficult to think of a group of Establishment men who are so extravagantly vilified."

Criticism is nothing new at the FO, as it is called. But the current round underscores the pain that goes along with the pleasure of being "in Her Majesty's service."

For the most part, the current attack deals with the Foreign Office's role in last year's crisis over the Falkland Islands, the disputed group in the South Atlantic that were invaded and briefly occupied by Argentina.

On April 3, 1982, the morning after Argentine troops were put ashore, debate erupted in the House of Commons, and a columnist for The Times, Frank Johnson, said that backbenchers had "cleared ranks against Britain's traditional enemy: the Foreign Office."

Morale Has Fallen

An official inquiry into the Falklands affair virtually absolved the office of any guilt, but morale among Britain's 4,500 diplomatic officials has fallen sharply.

For generations, Foreign Service people have taken pride in getting things done as a team, quietly and efficiently, behind the scenes, and letting the foreign secretary take the credit. Their offices are in a large, high-ceilinged, Italianate building across from No. 10 Downing St., the prime minister's residence and office, and flanking Whitehall, a street whose name has come to be synonymous with government because so many executive departments are situated along its length.

British history is studded with the names of foreign secretaries: Lord Palmerston, who practiced gunboat diplomacy in the Victorian period; Lord Grey, who welded a coalition against Imperial Germany and tried to ward off World War I ("The lamps are going out all over Europe," he said in 1914); Anthony Eden, who resigned in protest over his government's policy of trying to appease Hitler; Ernest Bevin, who helped to forge the North Atlantic Treaty Organization and rebuild Europe after World War II.

Under Lord Carrington, who resigned last year over the Falklands situation, Foreign Office morale continued high, but it has suffered since, in part because his successor, Francis Pym, is not among Prime Minister Margaret Thatcher's favorites in the cabinet. Mrs. Thatcher's office and supporters in Parliament have leaked news of her displeasure to the press, leading to the recent, relentless criticism.

Thatcher More Combative

Mr. Pym — Eton, Cambridge, 9th Lancs. Military Cross — like Lord Carrington — Eton, Sandhurst, Grenadier Guards, Military Cross — is an urbane aristocrat, a member of the moderate wing of the Conservative Party who believes in the classic tools of diplomacy: persuasion, patience and compromise.

Mrs. Thatcher, by contrast, is the leader of the rightist, populist wing of the party, a self-described "conviction" politician who is relatively new to foreign affairs and who seems to relish confrontation in her dealings with other European leaders.

As David Watt, another writer on foreign af-

fairs, once put it: "In style she is combative where diplomats are enolistic; in substance she is nationalistic where they tend toward an internationalist interpretation of British interests. Metaphorically speaking, they bring peace and she brings the sword."

The differences, however, seem to go beyond style and to involve substance.

After the outbreak of hostilities with Argentina, Mr. Pym favored pursuing negotiations as long as possible; Mrs. Thatcher was impatient and wanted to get on with the job of retaking the islands.

And there was a dispute when Mrs. Thatcher reportedly rejected the Foreign Office's suggestion that she attend the funeral of Leonid I. Brezhnev, the Soviet leader, in November.

More important, Mrs. Thatcher was cool to Mr. Pym's suggestion that she respond more positively to peace proposals put forth by Yuri V. Andropov, Mr. Brezhnev's successor. Now, though, she seems to be coming around to his point of view.

Mr. Pym objected strenuously when Mrs. Thatcher decided to add a foreign affairs adviser to her personal staff, a departure from established practice in a country where foreign affairs traditionally fall in the domain of the Foreign Office.

Sir Anthony Parsons, Britain's representative in the United Nations at the time of the Falklands crisis, was named to the advisory post. He impressed Mrs. Thatcher with both his per-

formance at the UN and with his skill in briefing her on developments in the Falklands situation.

She once complained to Sir Anthony that she could never get a decent briefing from the Foreign Office, and she seemed to be taken aback when he told her, "But Prime Minister, I am part of the Foreign Office."

In the UN post, Sir Anthony exemplified British diplomacy at its best by moving swiftly to deal with the Argentine invasion. He urged to get 10 members of the Security Council to endorse a resolution condemning the invasion, and he also managed to avoid a Soviet veto.

It was this resolution, No. 502, that the British used as the basis for their military action when the mediation efforts of Alexander M. Haig Jr., the U.S. secretary of state at the time, broke down.

A senior American diplomat described Sir Anthony's accomplishment as "a stunning example of sheer diplomatic professionalism."

Rough-and-Tumble

Mrs. Thatcher, like other critics of the Foreign Office, has sometimes complained that diplomats do not always seem to be aware of the rough-and-tumble nature of domestic politics.

"She thinks some of our diplomats are not living in the real world," a member of Parliament remarked. "She is characteristically suspicious that they are ready to sell out their country."

Political Nuisances

Peter Jay, ambassador to Washington under the last Labor government, said: "In the Foreign Office, there is a sincere and idealistic belief that they are the custodians of the fundamental truth of British policy, and that the politicians who come and go are among the nuisances that they have to deal with in their lives."

Some diplomats are accused of pleading the cause of their areas, and this has led to the im-

"In the Foreign Office," says Peter Jay, a former ambassador, "there is a sincere and idealistic belief that they are the custodians of the fundamental truth of British policy, and that the politicians who come and go are among the nuisances that they have to deal with in their lives."

pression that the Foreign Office is pro-Arab or pro-Common Market or pro-NATO or pro-American.

Populist members of the Conservative Party have come to blame the Foreign Office for Britain's comedown in the world — especially for what they call the sellout of Rhodesia, the African colony that has become independent Zimbabwe.

Defenders of the Foreign Office argue that much of the criticism stems from the fact that it fails to the diplomats to tell Britain what the real world is all about — and their reports are often unpalatable to a people who not long ago ruled a vast empire.

"The Foreign Office was not put on earth to be popular," a middle-level diplomat said. "We have to point out to Parliament what maps of the world are no longer colored in British red and that interests around the world are often in conflict with one another and with domestic considerations."

"Certainly, when a policy is up for consideration," the diplomat said, "we often complicate the domestic equilibrium by saying that you can't do this because it will offend the Germans, or anger the Arabs, or run up against opposition in the United States."

"What happens abroad is often not good news at home, to either the left or right wings of the parties. But we resent the implication that we don't have the national interest at heart. Often it is we who argue the national interest while other government departments only worry about sectional concerns."

Herald Tribune BUSINESS/FINANCE

WEDNESDAY, APRIL 6, 1983

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BUSINESS PEOPLE

Chase, to Boost Arbitrage Unit, Lures Bankers Trust Executives

Chase Manhattan's capital markets group has lured three executives from Bankers Trust International in London. Chase said the appointments were part of its plans "to increase its commitment to capital markets arbitrage, including interest rate and currency swaps."

Sammy Sathe joined the group in New York with global responsibility for capital-markets arbitrage activity. Joining the group's London-based subsidiary were Hans von Meiss and Megumi Oka. Mr. von Meiss was named associate director, with responsibility for capital-markets arbitrage in Europe and Middle East. Miss Oka was named an assistant manager.

Sri Lanka Sets Joint Bank Venture

The Sri Lankan government's eagerness to attract foreign investment has led to the recent opening of the country's first merchant bank with a foreign partner.

People's Merchant Bank, jointly owned by Guinness Mahon & Co. and the state-owned People's Bank of Sri Lanka, will "bridge the gap between local market need... and foreign expertise," said Richard Fenhalls, Guinness Mahon's deputy chairman and chief executive. Guinness Mahon is a banking unit of London-based Guinness Peat group of companies.

Robert Cosby, who joined Guinness Mahon as assistant director in 1982 and is managing director of the Colombo-based People's Merchant Bank, said that the merchant bank sees project financing as its main line of business. "Our biggest scope is putting foreign partners together with someone in Sri Lanka," he said.

Start-up capital at the bank was 5 million Sri Lankan rupees (about \$230,000). "That's all you need," Mr. Cosby said. "If things go well, we'll perhaps enlarge it — build up capital." Sri Lanka's only other merchant bank is a division of the Bank of Ceylon, a Guinness Mahon official said.



Robert Cosby

Other Appointments

Bankers Trust of New York has appointed D. Thomas Abbott its representative in Amsterdam. Mr. Abbott had been responsible for corporate marketing activities in the Amsterdam office. He succeeds Walter A. Marlowe, who was transferred to the bank's London office where he is in charge of corporate business in southern England and Scandinavia within the North Europe group. In addition, Willem Van Aalst has been assigned to the Amsterdam office as relationship manager. He formerly was with Bankers Trust's Europe/U.K. group in New York.

American Express International Banking Corp. has appointed Albert Benezra a director and senior vice chairman. Mr. Benezra also was named chief credit officer of American Express International Banking worldwide. He will continue as general manager of Trade Development Bank of Geneva. American Express International Banking recently acquired the non-U.S. banking business of Trade Development Bank Holding S.A.

Yamaichi Securities of Tokyo opened a representative office in Singapore and named Shojiro Murakami chief representative and Hiroo Kura representative.

Jerry K. Irwin has been named manager of Crest Netherlands, a new unit of C-E Crest of Tulsa, Oklahoma. C-E Crest, a subsidiary of Combustion Engineering that provides engineering and construction management services in the oil and gas industry, said the new unit in the Hague was formed to better serve its clients in Europe, Africa and the Middle East. In addition, Steve Crest, the Kuala Lumpur-based unit that is 60 percent owned by Sime Darby, appointed Syed Hossain bin Mohamed managing director. He previously was deputy managing director.

In Citibank's Singapore branch, Ken Vee, chief dealer of interbank foreign exchange and Victor Tio Sin Hai, head of the financial institution division, have been named vice presidents.

Yoshitaka Hayasaka has been appointed managing director of Australia-Japan International Finance Ltd., Hong Kong, a unit of Mitsubishi Trust & Banking Co. He succeeds Michihiro Sekiya, who returns to Mitsubishi Trust's head office in Tokyo.

Pan American World Airways has named Ivan Dezelle director sales for Yugoslavia and Eastern Europe. He will be based in the New York head office. In addition, Keith R. Braden has been appointed Pan Am's Hong Kong-based regional managing director for Southeast Asia, succeeding Richard Boyton.

Chemical Bank has appointed Lindsay Rutherford head of its enlarged financial institution group in London. The group will be responsible for all correspondence banking relations in the London market. Mr. Rutherford was manager of the bank's Manila branch. Also joining the group is David Nye, responsible for correspondence relations with Asian banks.

Northwestern National Bank of Minneapolis named John C. Sandvig a senior vice president. He is responsible for the bank's Asian, Middle Eastern, African and European regions.

—BRENDA HAGERTY

CURRENCY RATES

| Interbank exchange rates for April 5, excluding bank service charges. | | | | | | | | | |
|---|--------|---------|---------|--------|--------|--------|---------|--------|--------|
| | U.S. | £ | DM | FF | ¥ | ₹ | ₦ | ₧ | ₡ |
| Amsterdam | 2.3315 | 1.4875 | 1.7275 | 1.7875 | 1.6250 | 1.3425 | 1.7400 | 1.3225 | 5.2915 |
| Bremen | 46.15 | 12.7175 | 19.8775 | 4.0250 | 3.3425 | 1.7400 | 1.3225 | 5.2915 | |
| Frankfurt | 2.42 | 1.431 | 1.7275 | 1.7875 | 1.6250 | 1.3425 | 1.7400 | 1.3225 | 5.2915 |
| London | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Paris | 1.4870 | 2.1620 | 3.9600 | 19.83 | 1.6250 | 1.3425 | 1.7400 | 1.3225 | 5.2915 |
| New York | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Stockholm | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Zurich | 2.0472 | 3.0982 | 5.5975 | 28.48 | 1.6250 | 1.3425 | 1.7400 | 1.3225 | 5.2915 |
| 1 ECU | 0.7547 | 0.4474 | 2.2465 | 4.7379 | 1.2372 | 2.521 | 4.4268 | 1.9217 | 7.9534 |
| 1 SDR | 1.0182 | 0.72445 | 2.41478 | 7.2805 | 1.6543 | 2.955 | 5.28012 | 2.2243 | 9.2885 |

INTEREST RATES

| Eurocurrency Deposits | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 12 | 6 | 3 | 1 | 10 | 10 | 10 | 10 | 10 |
| 12 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 6 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 3 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 1 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 10 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 10 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 10 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 10 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |
| 10 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 | 10 1/2 |

GOLD PRICES

| | AM | PM | Close | Prev. |
|------|--------|--------|--------|--------|
| Gold | 340.00 | 340.00 | 340.00 | 340.00 |
| Gold | 340.00 | 340.00 | 340.00 | 340.00 |
| Gold | 340.00 | 340.00 | 340.00 | 340.00 |
| Gold | 340.00 | 340.00 | 340.00 | 340.00 |
| Gold | 340.00 | 340.00 | 340.00 | 340.00 |

Bechtel, Hit by Slump, Alters Strategy

By Michael A. Hiltzik

LOS ANGELES — There probably were few U.S. executives who did not envy Bechtel Group on the day Ronald Reagan was inaugurated. On Jan. 20, 1981, few companies appeared to have the clout that the giant San Francisco-based building, engineering and investment combine had in Washington.

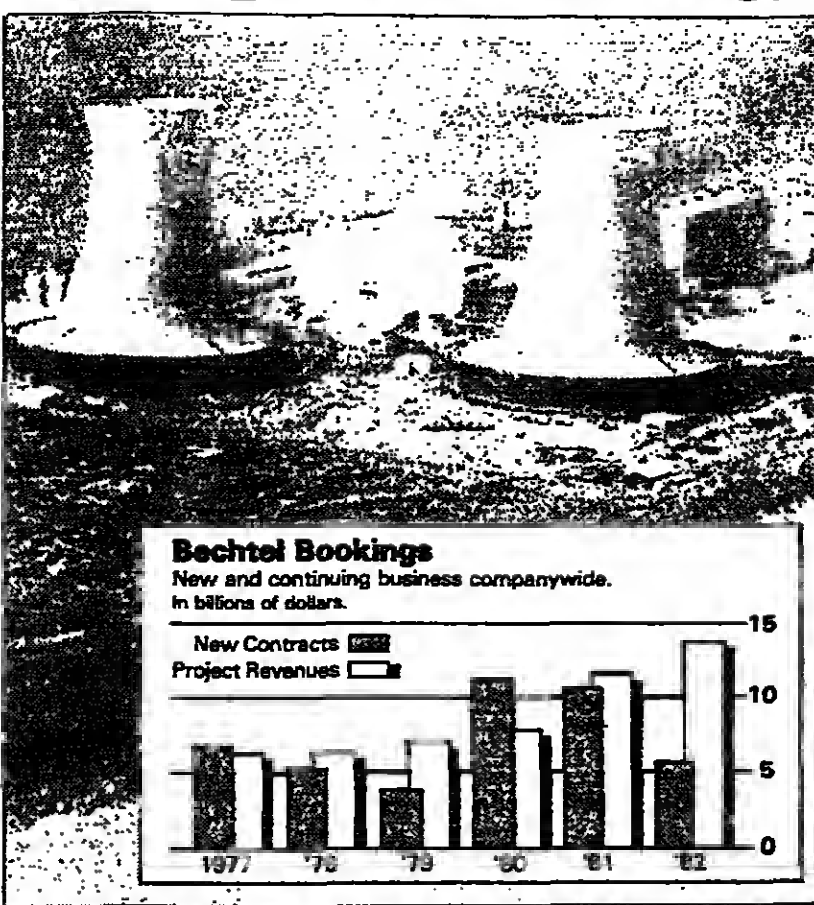
Bechtel vice president and general counsel, Caspar W. Weinberger, was chosen by Mr. Reagan's as secretary of defense. The company's president, George P. Shultz, had served as a key adviser to Mr. Reagan during the presidential campaign and within 18 months would be named secretary of state.

The new administration's energy policy, fashioned in large part by a 20-year Bechtel employee, W. Kenneth Davis, was unabashedly pro-nuclear, giving a potential boost to an engineering and construction market that Bechtel dominated worldwide. Mr. Davis himself was appointed deputy secretary of energy, where he would have major influence on energy policy until he returned to Bechtel last month as a "part-time consultant" on energy matters.

At the end of 1981, the privately held concern registered a record \$11.4 billion in annual revenues. Steven D. Bechtel Jr., the company's chairman and grandson of its founder, was forecasting a "surge" of business in petroleum, mining and utility work.

But for all it had going for it, Bechtel ultimately proved as susceptible to recession as most other major U.S. corporations. Today, the company faces a period of tough sledding; many of its key businesses have lost their luster. Bechtel is unusual for a company of its size in that it is privately owned by a few score of its top executives. Although its vaunted success has relaxed in recent years, Bechtel still does not disclose its profits or losses.

In figures recently issued, the company registered a 10 percent drop in revenue.



Bechtel, as part of its shift to nuclear management and repair, has won a contract to supervise the decontamination of Three Mile Island's devastated Unit 2 in Pennsylvania, at a price that could exceed \$1 billion.

NYSE Stocks Drop; Some Rates Fall

NEW YORK — Prices on the New York Stock Exchange closed lower Tuesday, reversing earlier gains, despite new encouragement for further relief from high interest rates.

Analysts said a rally at the opening of Tuesday's session failed to gain momentum. The analysts cited lingering uncertainty about the course of an economic recovery.

The Dow Jones industrial average, down 15.68 points in the previous two sessions, closed off another 7.45 points at 1,120.16. The index had been up nearly 6 points before giving ground in the afternoon.

Declines led advances, 4-3. Volume was 76.8 million shares, up from 66 million Monday.

"It's kind of an iffy market today," said Alan Poole, an analyst at Laidlaw Adams & Peck Inc. "People just can't seem to decide what's going to happen."

Analysts said traders had been concerned about a recent resurgence in higher interest rates. Investors were keeping an eye on federal funds rates to determine whether the Federal Reserve has tightened credit a bit to stem a surge in the U.S. money supply in recent months.

But rates were off in credit-market trading Tuesday following a report quoting a senior Federal Reserve Board official as saying the slowing of inflation should mean lower long-term interest rates.

Mr. Poole said, however, that traders remained skeptical about the impact of huge federal deficits on interest rates and economic activity.

Analysts said profit takers were cashing in in spite of a drop in the prime lending rate by Wachovia Bank & Trust Co., a large Southern bank with assets of \$6.9 billion.

Citing what it called a dramatic improvement in short-term rates for the past year, Wachovia Bank cut its prime rate, effective Wednesday, to 10 percent from the prevailing rate of 10 1/2 percent that has existed since late February.

None of the major U.S. banks followed the lead.

While there are some indications that the economy is improving, it is not yet robust and downward pressure on rates may continue, the bank added.

The investment community also has been debating for weeks whether the market will undergo a significant pullback from its seven-month surge in which the Dow has risen 47 percent.

Volcker Won't Give House Unit Fed Goals

By John M. Berry

WASHINGTON — The Federal Reserve chairman, Paul A. Volcker, will not comply with a request from a House committee for an explicit statement of the Fed's "objectives" for economic growth, unemployment and inflation for 1983 and the next three years, Federal Reserve officials said.

Mr. Volcker is scheduled to testify before the House Banking, Finance and Urban Affairs Committee next week, and the central bank's policy-making group, the Federal Open Market Committee, has set no such objectives.

Moreover, Mr. Volcker will attempt to convince the committee that requiring such figures "is a bad idea," a senior Fed official said Monday.

The official, expressing the view of many at the central bank, called the committee's action a "calculated guerrilla attack" and said it could lead to significant curbs on traditional Federal Reserve independence.

The chairman of the committee, Ferdinand J. St. Germain, a Democrat of Rhode Island, asked in a letter to Mr. Volcker that he comply with a provision of the House version of the 1984 budget resolution calling for such a report. The action was part of an effort by some Democrats to put pressure on the Federal Reserve to follow a monetary policy geared to a rapid economic recovery, according to committee staff members.

Democrats, including Mr. St. Germain, have specifically warned the Fed not to allow interest rates to rise in response to recent large increases in the money supply. However, a number of financial market analysts believe the Fed is in the process of doing just that.

Mr. St. Germain and the other Democrats believe that a public statement of Fed objectives for the gross national product, unemployment and inflation — rather than just for growth of the money supply — is now required — would make it more difficult for the Fed to adopt a monetary policy likely to produce slow economic growth or for the central bank to fail to move to a more stimulative policy if the recovery falters.

Forcing the Fed to set such explicit objectives could also cause some political difficulty for the Reagan administration, according to some Banking Committee staff members.

If the administration forecasts for growth, unemployment and inflation were again to turn significantly more optimistic than the Fed's public objectives, it could prompt Congress to question the administration or perhaps to force the Fed to reconcile its money targets with the Reagan predictions.



Fernand J. St. Germain

BTR Attempts to Take Control Of Thomas Tilling Group in U.K.

By Bob Hagerty

LONDON — BTR, a fast-growing British conglomerate, made a grab Tuesday for control of Thomas Tilling, a bigger industrial group beset by falling profits.

Thomas Tilling denounced as inadequate and "opportunistic" BTR's offer of 175 pence apiece for its shares. BTR, nonetheless, is expected to follow up Tuesday's "dawn raid" with an eventual bid for the rest of the shares. Such a takeover would cost \$509.3 million (\$766 million) at BTR's offer price.

Share analysts said BTR bought around 6 percent of Tilling on Tuesday. Robin Gilbert, a partner at the stockbrokerage of James Capel and Co., said BTR's bid might have won more first-day acceptance had more key fund managers been back from their Easter holidays.

BTR, which has managed to build through Britain's deep recession with rising profits, has interests in energy, engineering, materials handling, plastics and rubber. Tilling's major businesses are building supplies, energy equipment, electronic equipment, health care, insurance, industrial machinery and heavy engineering.

BTR has built itself up through a series of acquisitions in recent years, including Worcester Controls, Serck, a British valve company; and Huyck, a U.S. maker of drying equipment for the paper industry.

Mr. Gilbert said BTR has a "superlative" record for turning around sluggish performers.

"Their takeover record is unsurpassed," another share analyst said. "They haven't got one wrong yet."

Tilling officials said they were unimpressed. Francis Black, the company's finance director, said Tilling is determined to stay independent.

Results for 1982 would have been adequate without the slump in the market for energy equipment produced by two U.S. subsidiaries, he asserted. Those units turned in a loss of £16 million, compared with a pretax profit of £25 million a year earlier.

Overall, Tilling's pretax profit slumped 41 percent to £43.7 million on revenue of £2.24 billion, up 9 percent.

"Okay, we had a hiccup in 1982, and that's what led to this opportunistic bid," Mr. Black said. Tilling's pretax profit peaked in 1979 at £81 million.

BTR's pretax profit, by contrast, last year climbed 18 percent to £106.7 million. Revenue grew 14 percent, to £724.9 million.

BTR's bid is about equal to the book value of Tilling's shares, which closed far lower on the London Stock Exchange last week at 138 pence. After the bid was announced Tuesday, Tilling shares raced up to close at 176 pence.

Tilling officials said that they had had no warning of the bid.

As is common in the first stages of lightning takeovers in Britain, BTR limited its offer to just under 15 percent. Purchase of a larger stake would require an offer for the entire company under British takeover rules.

IG Metall Negotiators Accept 3.2% Wage Rise

By Michael A. Hiltzik

FRANKFURT — West Germany's largest trade union, IG Metall, reached a wage agreement with management Tuesday, averting a threatened strike by the nation's metalworkers.

Werner Rick, a management spokesman, said the agreement, completed after two months of negotiations, calls for a 3.2 percent average wage increase, retroactive from Feb. 1 and effective for one year.

Thousands of workers staged regional warning strikes during the final weeks of talks between the 3.5 million-member union and Gesamtmetall, the employers' association.

There were also threats of a nationwide walkout.

As the country's largest labor organization, IG Metall is seen as a pacesetter for other West German unions.

When the talks began in February, IG Metall demanded a 6.5 percent wage increase, while management offered a 2.2 percent increase.

The new agreement formally covers the regional contract for the federal state of North Rhine-Westphalia, the country's most industrialized area. But union spokesmen said other regional union chapters are expected to accept the same terms within the next few days.

During last year's wage talks, IG Metall settled for an average 4.2 percent wage increase.

The metalworkers earn an average 19 to 34 Deutsche marks (about \$8 to \$10) an hour.

At a separate meeting in Neuss, leaders of IG Metall and the employers' organization called on other regions to accept the increase. They set an April 15 deadline for agreement.

Karl-Heinz Brauer, IG Metall's chief official in North Rhine-Westphalia, described the accord as "good enough." Paul Pfeiffer, the employers' negotiator, hailed it as an important step toward safeguarding jobs in the recession-hit industry.

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Dow Jones Averages

| | Open | High | Low | Close | Change |
|----------|---------|---------|---------|---------|--------|
| 30 Ind | 1123.24 | 1127.24 | 1121.19 | 1125.19 | +1.95 |
| 500 Ind | 307.24 | 308.64 | 305.11 | 306.11 | +1.00 |
| 1500 Ind | 15.50 | 15.61 | 15.42 | 15.48 | +0.06 |
| 5511 | 448.27 | 449.51 | 447.13 | 448.56 | +1.29 |

Standard & Poors Index

| | High | Low | Close | Change |
|-------------|---------|---------|---------|--------|
| Composite | 1513.21 | 1512.21 | 1512.21 | +0.00 |
| Industrials | 171.55 | 171.21 | 171.21 | +0.00 |
| Utilities | 61.95 | 61.72 | 61.72 | +0.00 |
| Transp. | 26.92 | 26.81 | 26.81 | +0.00 |

Odd-Lot Trading in N.Y.

| | Buy | Sell | Net |
|----------|---------|---------|----------|
| April 4 | 228,228 | 492,725 | -264,497 |
| March 31 | 307,881 | 307,881 | 0 |
| March 30 | 213,334 | 213,334 | 0 |
| March 29 | 205,525 | 448,466 | -242,941 |

Market Summary, April 5

Market Diaries

NYSE

AMEX

NASDAQ

NYSE Most Actives

AMEX Most Actives

NASDAQ Most Actives

Dow Jones Bond Averages

NYSE Index

AMEX Index

NASDAQ Index

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Gas Firm in U.S. Will Accept Half Of Normal Supply

New York Times Service

NEW YORK — The Columbia Gas System says that its gas-transmission unit has informed producers that it was invoking "force majeure" clauses in an attempt to cut down on supplies.

"The whole gas industry is experiencing quite a surplus of available gas supplies coming out of the winter, in our case the warmest in 35 years," a Columbia spokesman said Monday. "We physically cannot take all the gas that we have contracts to purchase."

A force majeure is an unexpected, overpowering event that relieves one of a legal obligation. In this case, Columbia is saying that the weather and the recession are beyond the company's control.

Last August, the company invoked force majeure clauses against its supplier pipelines. This appears to be the first time that the clause has been invoked against producers.

Columbia said it was advising its producers that it would take only 50 percent of normal deliveries.

The Columbia unit, Columbia Gas Transmission Corp. of Charleston, West Virginia, operates 18,000 miles (28,800 kilometers) of pipeline delivering gas to retail utilities in Ohio, Kentucky, Virginia, West Virginia, Pennsylvania, Maryland, New York, New Jersey and the District of Columbia.

Columbia Transmission said it was also applying across-the-board pro-rata cutbacks among all producer contracts. The actions, it said, would result in lower natural gas prices to the 71 retail utilities it serves and possibly to 4 million consumers if those gas companies pass on the reduction.

(Continued on Page 14)

Tuesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

| 12 Month High | Low | Stock Div. | Yld. P/E | 52 High | Low | Close | Change |
|---------------|-----|------------|----------|---------|-----|-------|--------|
| 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
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| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

(Continued on Page 14)

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BUSINESS BRIEFS

Consumer Confidence Jumped In U.S., Says Conference Board

NEW YORK (AP) — Consumer optimism about the economy's future soared in March, reaching its highest level in at least 15 years, the Conference Board reported Wednesday.

The board, a nonprofit business research group, said its findings may indicate the economy is making a more robust recovery than expected.

Consumer expectations were the highest since the board began publishing the monthly survey in 1969.

The survey compares present-day consumer attitudes to those in 1969-70. The consumer-expectations segment of the survey, which the Conference Board said has compiled "an impressive record" as a leading indicator, soared to 115 (1969-70 equals 100) in March, up 10 points from February.

Butcher Opposes Lending Curbs

RIYADH (AP) — The proposed restrictions on overseas lending by U.S. banks would hinder their ability to help finance U.S. economic recovery, according to Willard C. Butcher, the chairman of Chase Manhattan Bank.

The Reagan administration is seeking congressional approval for its request for an \$8.4-billion increase in the U.S. contribution to the International Monetary Fund. But some congressmen, saying that the additional IMF funds would mainly help bail out U.S. banks that have made loans to countries with serious debt problems, have suggested linking the additional U.S. contribution to restrictions on overseas U.S. bank lending.

Mr. Butcher said Monday that such a link "would be a major negative development" that would curtail the banking system. U.S. commercial-bank loans to developing countries were aimed at facilitating trade and economic development and helped to support U.S. exports, Mr. Butcher said.



Willard C. Butcher

U.S. Steel Firms Seek Help

WASHINGTON (Combined Dispatches) — The U.S. specialty-steel industry has asked the government to limit imports of specialty-steel products to fixed shares of the U.S. market for the next five years. The industry proposed import-market-share ceilings ranging from 2.7 percent for stainless-steel plate to 23.8 percent for stainless-steel rod.

In a brief filed with the U.S. International Trade Commission, the industry said Monday that the volume of imports entering the United States should be limited to the historical market share for each category before recent years when those import shares have risen rapidly. Western Europe, Japan, Canada, South Korea, and Taiwan ship specialty steel to the U.S.

The ITC ruled March 24 that imports were injuring the U.S. makers of stainless steel and high-technology alloys. The commission will recommend a remedy to President Ronald Reagan by May 6.

EC Drops Japanese VTR Inquiry

BRUSSELS (Reuters) — The European Community Commission Tuesday officially dropped an anti-dumping inquiry against imports of Japanese video tape recorders following Japan's recent agreement to limit growth of its sales to Europe this year.

The commission said European VTR makers had withdrawn their complaint lodged last December against Japanese imports and that protectionist measures were at present unnecessary.

Japan had agreed in February to limit its VTR exports to Europe this year to 5.3 million, of which 4.5 million would go on sale in the community, compared with 4.9 million last year.

South African GDP Fell in 1982

PRETORIA (Reuters) — South Africa's real gross domestic product fell 1 percent in 1982 after growing 5 percent in 1981, the Reserve Bank said Tuesday in its quarterly bulletin.

Expanding on figures given by Finance Minister Owen Horwood in last week's budget, the bank said the nonagricultural GDP fell 0.5 percent against 5-percent growth in 1981 while agricultural GDP declined 7.5-percent after a 3-percent growth.

The Reserve Bank also reported that the country's current account showed a surplus of 1.10 billion rand (\$1,002 billion at current rates) on a seasonally adjusted annual basis in the final quarter of 1982, though the deficit for the whole year totaled 3.04 billion rand.

Company Notes

Saab-Scania of Sweden is expected to decide by June 1 whether to build a bus plant in the United States, the Automotive News has reported. The auto industry periodical said the plant would be Saab's first U.S. bus assembly plant, and production could start by June 1984.

Novo Industri has filed with the Securities and Exchange Commission in Washington for an offering of up to 1.5 million U.S. depositary shares representing 300,000 B shares.

West Europe Urged To Boost Economies

GENEVA — A United Nations body has urged West European governments to stimulate their economies through fiscal measures to avoid aborting an incipient recovery.

An annual survey of Western Europe and the United States published by the U.N. Economic Commission for Europe said that falling oil prices could provide Western Europe with a decisive push toward recovery.

A 10-to-20-percent drop in oil prices this year would cut import prices in developed countries by a few percentage points and strengthen the U.S. economic upturn already under way, the report said. It added, however, that such an oil-price decline might improve industrial countries' output by no more than half a percent.

"The costs of another aborted recovery and of continuing stagnation are potentially so high that governments should use stimulatory fiscal policy to avoid such an outcome. At present the inflationary risk of such a policy is small," said the report, which was prepared for release Wednesday.

Doubts about the durability of a recovery remain because the outlook for investment in such fixed assets as factories is unclear, it said. Such investment was inhibited by high real interest rates and by large margins of unused capacity, it added.

"Any recovery must be strong enough to take up a considerable proportion of this slack, and be accompanied by a fall in interest rates," the report said. "If this fails to occur, the upturn will again be cut short."

Despite growing indications of a U.S. upturn, it was not certain that Western Europe would follow suit, it added.

IBM Shows New Computers; Memory Capacity Doubled

Compiled by Our Staff From Dispatches

RYE BROOK, New York — International Business Machines introduced Tuesday new top-of-the-line models of its IBM Series-1 and System-38 computers. The company said the new computers double the maximum internal memory of the machines.

IBM said external disk storage capacity for these smaller IBM systems was also expanded, and a new disk for the IBM-5280 distributed data system has increased the system's maximum storage capacity sevenfold.

The new Series-1 4956 processor has internal speeds up to 20 percent faster than the most powerful current model and can store up to one million characters in its internal memory, IBM said.

IBM also said a new program, called "remote manager," enables the Series-1 machines in a network to be operated and controlled from a central IBM computer site, without requiring a local professional data processing staff.

The new IBM System-38 Model 8 doubles to 8 million characters the maximum internal main storage available with the computer family, the company said.

IBM also said that users can now attach more IBM 3370 disk drives than before, almost doubling the system's maximum external storage to nearly 5 billion characters of data. IBM said that up to 128 terminals can now be attached locally to the Model 8, compared with a previous maximum of 80 for the System-38.

Prices for the new Series-1 4956

processor range from \$14,150 for a model with 256,000 characters of memory to \$21,650 for a 1 million character model.

Prices for the IBM 4967 disk subsystem with its attachment feature range from \$30,000 for a 200-million character model to \$89,700 for a full 800-million character subsystem.

IBM said the price for the new System-38 Model 8 processor ranges from \$160,000 to \$252,900.

The announcement follows the recent introduction of an enhanced version of IBM's Personal Computer XT, which in only its first full year of sales, rose to about 26 percent of the market last year from 10 percent in 1981, according to estimates by International Data Corp., a research company in Framingham, Massachusetts.

Some other industry analysts expect IBM's Personal Computer to be the leading seller by 1984.

Ulric Weil, a computer analyst for the investment firm Morgan Stanley & Co., said the strong sales of IBM's Personal Computer, and the new Personal Computer XT had forced Apple Computer Inc. to cut the prices of its comparable machines.

Apple announced Monday in Cupertino, California, that it had cut prices of its Apple III personal computers by up to 23 percent, and that the production of the 128K Apple III model will be discontinued.

The suggested retail price of the 256K Apple III was cut to \$2,695 from \$3,495, and the price of an

128K Apple III was cut to \$2,495 from \$2,995.

The IBM Personal Computer with features closely comparable to the 256K Apple III has a suggested price of about \$2,360.

Apple said it was ending production of the 128K Apple III so that the company could concentrate on the 256K system. "Applications software [specialized programs] for the Apple III has become increasingly sophisticated and highly integrated, creating greater demand for the 256K Apple III," Paul Dall, co-general manager of Apple's personal computer systems division, said in a statement.

"Cost reductions on components and increased manufacturing efficiency resulting from the production of only one Apple III configuration make the price reductions possible," he said.

The Apple III, a more powerful version of the Apple II, was originally unveiled in late 1980. But the Apple III came out with technical problems, several thousand were recalled.

Yet even with the second version, "the Apple III has never fulfilled its promise," Mr. Weil said, adding that monthly shipments of the machine now total about 4,000, well below shipments of the Apple II or the IBM Personal Computer.

At its annual meeting in January, Apple introduced two more personal computers to retain its competitiveness — the Lisa, an advanced personal computer that also concentrates on ease of use; and the Apple IIc, a successor to the Apple II.

Eurobond Set By Union Bank Of Switzerland

Compiled by Our Staff From Dispatches

LONDON — Union Bank of Switzerland is issuing a \$100-million, five-year Eurobond in an interest-rate swap for floating-rate debt, joint lead manager Union Bank of Switzerland Securities Ltd. said Tuesday.

Issued through an overseas finance subsidiary, the bond carries a 10-percent coupon and par price and can be redeemed in May 1987 at 100%, it added. Morgan Stanley International is the other lead manager.

Meanwhile, lead manager IBJ International announced Tuesday that the Industrial Bank of Japan is raising \$100 million through a five-year Eurobond for use in an interest-rate swap for floating-rate debt.

With a 10 1/4-percent coupon and par price, the noncallable bond will be issued through an overseas finance subsidiary, it added. Morgan Stanley International and S.G. Warburg & Co. are the other lead managers.

And in Amsterdam, lead manager Nederlandse Middenstandsbank said that Credit Foncier de France is proceeding with the issue of 100 million guilders (\$36.6 million) in bonds on the Dutch capital market bearing a coupon of 8.5 percent.

The life of the bonds is 10 years with redemption in five equal installments from 1989. The bonds carry a French government guarantee. The issue is co-managed by Allgemeine Bank Nederland and Amro Bank.

Bechtel, Its Markets Sagging, Alters Strategy

(Continued from Page 11)

ported that its business dropped off sharply in 1982.

New contracts plummeted to \$5.7 billion from \$10.6 billion in 1981, or the lowest level of new work in three years, although "work-off," or work completed and billed, reached a record of \$13.6 billion, from \$11.4 billion in 1981, thus enabling earnings to rise "modestly" in 1982 over the previous year, the company said.

The sag in new contracts will depress revenues for at least two years, and Bechtel's skilled work force is likely to drop to 40,500 from 44,200 to accommodate the slump, Mr. Bechtel said.

Scarcely a business or a region in which Bechtel is involved has escaped the recession. Ticking off the ailments of his company's major markets in a memo distributed to supervisors last year, Mr. Bechtel wrote:

"The worldwide market for basic metals remains soft; relatively low prices and abundant supplies of oil and gas have flattened the petroleum market and made once-promising synfuels projects economically unattractive; our utility clients are still caught in the vise between over-regulation and escalating costs."

Big capital projects, the company's bread and butter, have become "expensive and difficult to justify," he added.

Bechtel derives a substantial share of revenues from projects in the Middle East, where the building boom could be jeopardized as oil revenues drop with the turmoil among the Organization of Petroleum Exporting Countries.

Among Bechtel's biggest contracts is the construction for the Saudi government of Jubail, a \$20-billion industrial city that began

rising from the Arabian desert in 1977.

A Bechtel spokesman says that Jubail is proceeding on schedule, with its Saudi financing ensured. Some oil analysts, however, argue that an extended further drop in Saudi oil revenues, such as from a continuing slump in demand, might jeopardize the country's capital projects.

But Bechtel is nothing if not nimble in identifying and pursuing new markets. Among other qualities, the company has a reputation for making international deals with the stature of a sovereign state.

Among the fields that Bechtel dominates is nuclear engineering. Bechtel crews designed or built 30 of the 79 nuclear power reactor units now operating in the United States, and is working on 33 more. Internationally, Bechtel estimates that it holds 50 percent of the non-Communist world's nuclear power engineering market; Bechtel crews have worked on major projects in South Korea, Taiwan, India, Britain, Spain and Japan.

Bechtel estimates that it derived about 32 percent of its revenues in 1982 from nuclear projects.

But as the pace of nuclear construction dwindles in the United States, Bechtel has spearheaded a whole new field: nuclear management and repair. When Pacific Gas & Electric, whose management had been criticized by federal regula-

tors, was seeking a license to operate its Diablo Canyon nuclear station, the outside management it hired to ease the authorities' qualms was Bechtel. The company also holds the contract to supervise the decontamination of Three Mile Island's devastated Unit 2 near Harrisburg, Pennsylvania, at a price that could reach or exceed \$1 billion.

That places Bechtel at the cutting edge of the so-called nuclear "aftermarket" of maintaining existing nuclear plants. Industry observers estimate the aftermarket is growing by 20 percent annually and will be worth \$8 billion between now and 1990.

Bechtel's ventures sometimes extend well beyond construction and engineering. Through an investment arm, the company holds interests in real estate and oil and gas exploration projects.

There is little question that Bechtel's markets have changed.

Bechtel now anticipates earning an increasing share of new revenues from cleaning up the litter left by industries in whose early growth the company shared. The company estimates that by 1985 some 20 percent of the workload of its Los Angeles Power division, a major unit of Bechtel Power Corp., will come from "plant betterment and maintenance" projects.

At Bechtel's two-year-old decontamination and restoration department in Oak Ridge, Tennessee, work demand rose about 35 percent in 1982.

The business possibilities of waste cleanup are not limited to nuclear plants, of course. The Oak Ridge unit, Bechtel says, is also seeking contracts from industry for hazardous-waste-cleanup projects.

Norway Cuts Price Of North Sea Oil

Compiled by Our Staff From Dispatches

OSLO — Norway offered Tuesday to cut its North Sea oil prices by 2.5 percent in a widely anticipated move that would bring the price of its crude oil in line with Britain's, a spokesman for the Norwegian national oil company, Statoil, said.

Norway acted six days after after British National Oil Co. recommended a 50-cent reduction in its best North Sea oil to \$30 a barrel. The price of British oil of a less desirable quality would drop by 75 cents a barrel under the proposal to its oil company customers, who have until April 8 to respond.

Analysts expect the British company's 60 clients to accept the offer.

But Statoil's press spokesman, Willy Olsen, questioned whether Norway's customers would accept the new price because there still is a considerable surplus of oil on the market. Pressure to bring the price down further could build again soon, he said.

Britain historically has been the price leader on North Sea crude oil.

Britain's decision to offer a moderate 50-cent-a-barrel cut in its North Sea crude oil price was viewed as a conciliatory gesture toward the Organization of Petroleum Exporting Countries, which slashed its base oil price by \$5 to \$29 a barrel last month to avert a global price war.

OPEC had warned that a reduction of more than 50 cents a barrel in Britain's North Sea crude oil price would trigger a pricing free-for-all.

Nigeria, an OPEC maverick and Britain's main competitor, announced last week that it would

keep its oil at par with North Sea crude and not challenge BNO's proposed \$30-a-barrel price.

Analysts said that the Nigerian response to Britain's move should stabilize world oil prices and make the OPEC price accord stick — at least temporarily.

Norwegian oil production in the North Sea averages about 500,000 barrels a day from the British sector of the North Sea.

Statoil proposed reductions of between 50 and 75 cents a barrel in the price of its North Sea crude.

The new Norwegian price structure would be backdated to March 1 and would take Statoil's crude oil to below \$29.40 a barrel, the spokesman said.

The market price for Norwegian crude oil will now vary between \$29.40 and \$30.25 a barrel, depending on quality and points of loading, the spokesman added.

Crude oil from the Ekofisk field will now sell for \$30.25, from Statoil's \$29.40 and from the Norwegian sector of the Brent field \$30, he said.

Kuwait Expresses Hope

Kuwait's oil minister, Sheikh Ali Khalifa al-Sabah, said Tuesday that OPEC's latest pricing decision was holding and the danger of a world price war had passed. The Associated Press reported from Kuwait.

"The danger of a price war has not only subsided, it is nonexistent," the sheikh said in an interview.

His comments reflected growing confidence among Arab oil producers that last month's decision to cut oil prices and limit production to 17.5 million barrels daily was holding.

Kingdom of Sweden



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POLYSAR LIMITED



ROBERT S. DUDLEY



IAN C. RUSH

Robert S. Dudley has been appointed President and Chief Executive Officer of Polysar Limited, following the retirement of Ian C. Rush as Chief Executive Officer. Mr. Rush remains a Director of the company.

Mr. Dudley, most recently President and Chief Operating Officer, began his career with Polysar as a chemical engineer in 1951. He became the first General Manager of the Latex Division in 1968. Later, as Vice-President of European operations, he was responsible for Polysar's operations and sales in Europe, Africa and Asia. He was appointed executive Vice-President - Operations in 1979 and became President and Chief Operating Officer in 1981.

Mr. Rush joined Polysar as a chemical engineer in 1943. He was responsible for establishing the company's highly successful European manufacturing operations. He became President of the company in 1971, Chief Executive Officer one year later, then Chairman and CEO in 1981.

Polysar is an international manufacturer and marketer of synthetic rubbers, latexes, plastics and petrochemicals. With headquarters in Sarnia, Ontario, Polysar has major manufacturing facilities in Canada, the United States, France, The Netherlands, Belgium and West Germany.



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Banking, a matter of people

Monday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

Tables include the nationwide prices up to the closing on Wall Street.

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Over-the-Counter

April 5

Floating Rate Notes

Closing prices, April 5

NASDAQ National Market Stocks

| Sales In | | | | | Sales In | | | | | Banks | | | | | Insurance | | | | | Non-Banks | | | | | Consumer Retail | | | | | Etc. Autos | | | | | | | |
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ANOTHER IMPORTANT BUSINESS STATISTIC:

2.4

the average number of readers of each copy
of the International Herald Tribune

U.S. Video Games Targeted Overseas

Chased by Competition at Home, Pac-Man Turns Into a Globetrotter

By Michael Schrage
Washington Post Service

WASHINGTON — There's a saying in Hollywood that French movies may be French and German movies may be German, but U.S. movies are international.

If this has caused resentment among foreign governments and complaints of U.S. media imperialism, the international market is about to face the next generation of U.S. programming: video games.

U.S. manufacturers of the games and cartridges are looking overseas as domestic competition forces profit margins down — a development that analysts cite when trying to explain why many investors have poured money into the industry. Sources at Atari, whose parent, Warner Communications, took a drubbing in the stock market last year — estimate that the bulk of the company's total game sales will be international within the next five years.

Video game cartridge sales are expected to grow at a 55 percent compounded annual rate over the next three years, says Christopher D. Kirby, a securities analyst at Sanford C. Bernstein. International game console revenues should balloon at a 44 percent compounded annual rate, propelling the international market to billion-dollar status by 1985. Mr. Kirby and other industry watchers assert that ultimately the game market overseas will prove more lucrative than the domestic market.

"We're viewing our company as a worldwide organization," says Stan Peters, director of international sales for Imagic, a video game design company based in Los Angeles, California.

Imagic shipped its first video game cartridge less than a year ago, but already it sells games in over 40

countries through a network of independent distributors. While Mr. Peters declines to disclose specific sales figures, industry analysts guess Imagic is selling millions of cartridges internationally, and Mr. Peters asserted that this year's sales growth would be ten-fold.

Video games enjoy some competitive advantages overseas that are absent in the United States. While the United States has cable television, video-cassette recorders and a plethora of video recreations, viewer options overseas are decidedly more limited. There's simply less television to watch and more time to play video games.

There also is less competition for the manufacturers. In Europe, only Philips N.V. is aggressively marketing a video game system (Philips owns Magnavox, which markets the Odyssey game system in America), and the Japanese are conspicuous by their absence from the home video game scene.

Most important, no foreign company of any significance is making the games cartridges that play on the machines.

That may be partly due to the comparatively low number of game machines overseas. While analysts estimate that 15 percent of U.S. households own video game units, Tony Bruehl, president of Atari International — the international arm of the Sunnyvale, California-based personal computer and video game company — estimates that in major overseas markets the rate is between 3 and 4 percent.

He adds, however, that "the awareness level is growing very, very quickly." He expects sales to follow just as fast, although they may be curtailed by the entry of personal and home computers into the marketplace as competitors to video game consoles. That possibility doesn't really bother the game

makers, though. "We think we're producing computer-generated entertainment," said Mr. Peters of Imagic. "We can always adapt our games for home computers."

The real challenge may be in adapting the product to foreign tastes. "What we're going to find out," said Tom Lopez, editorial director of Activision, a leading games design company distributing its games to over 38 countries, "is that there are cultural differences from country to country. American products won't necessarily translate overseas."

Atari, however, reports that its top-selling video games internationally are Pac-Man, Space Invaders and Defender — the games that have done best in the United States. And Activision's Tennis game did far better overseas than its U.S. sales would have led Activision to expect.

Each company could probably develop hit games in the country where they're sold rather than depend solely on U.S. imports. Mr. Lopez hints that Activision may soon set up local game design groups in a few of its prime international markets, and Atari, said Mr. Bruehl, has already done so. "We have just set up a software development center in London," he said, "and we already have one in Hamburg."

Block Says Supply Pacts May Be Used in Exports

The Associated Press

WASHINGTON — John R. Block, the U.S. agriculture secretary, back from a 10-day trip to Britain, North Africa and the Middle East, said that supply agreements may be necessary in some cases to guarantee delivery of U.S. commodities to foreign buyers.

"The question of bilateral agreements or assurances of some kind is an open question as far as I'm concerned," Mr. Block told a news conference Monday.

But he said it may not be the best policy to have most of the world's agricultural trade with bilateral agreements.

U.S. farm exports have declined from record levels of two years ago, and Mr. Block has expressed frequently the administration's commitment to regain the previous trade.

His tour included a visit to Saudi Arabia, where last week he told officials that he would favor a letter guaranteeing U.S. supplies of grain and other commodities.

"If it's necessary to make some kind of commitment to provide assurance, then there may be cases where some type of agreement or statement may be necessary," he said.

Mr. Block also said that the massive payment-in-kind program under which U.S. farmers have signed up to take 82.3 million acres (34.3 million hectares) out of production this year will not result in shortages for foreign buyers.

Farmers are to be paid by the federal government for not using the land. The payment is to be "in kind," that is, in the form of surplus products the government already owns — such as maize for cattle feed.

U.S. Futures Prices

One High Low Settle Chg

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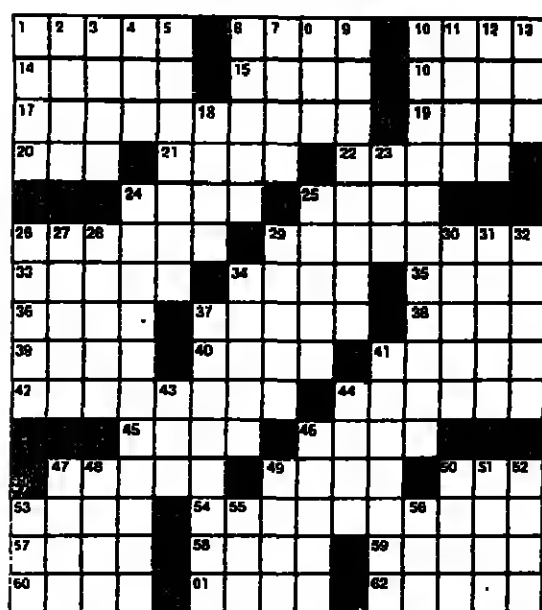
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CROSSWORD



- ACROSS**
- 1 "I'm Adam"
- 10 Mild expletive
- 11 Excuse
- 12 On
- 13 Book of the Bible
- 14 The eyes have it
- 15 Parrot
- 16 Not fair
- 17 P.O. device
- 18 Swindles
- 19 Contest
- 20 On hand
- 21 The — the
- 22 Keyboard combination
- 23 To — (as yet)
- 24 Spoken
- 25 Anklebones
- 26 Enraptured
- 27 Archibald of the Celts
- 28 Former British prime minister
- 29 Russian city
- 30 Book of the Bible
- 31 Those on the ladder of success
- 32 Layers
- 33 Prefix with clinic
- 34 Sleets
- 35 An infusion
- 36 What robbers cop
- 37 Mountain lake
- 38 Hammer or sickle
- 39 Red eye
- 40 He wrote "Lucky Jim"
- 41 Pea
- 42 Popeye's infant
- 43 Chief justice
- 44 1941-46
- 45 Defies
- 46 Lines
- 47 Christmas decorations
- 48 Noun suffix
- 49 Crown, s.g.
- 50 First Pulitzer Prize novelist: 1918
- 51 City on Long Island Sound
- 52 Book of the Bible
- 53 Westernizer of Japan
- 54 Ordered
- 55 Book of the Bible
- 56 Kind of review
- 57 Tense form
- 58 Badger's kin
- 59 Emulated
- 60 Maude Adams
- 61 Golf targets
- 62 Stripped
- 63 Clear a tape
- 64 Film staple
- 65 Canine scourges

JUMBLE

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

RADAW

ZIPER

GREATY

CHOPON

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: A

DENNIS THE MENACE



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